

Indian Finance Year-Book 1936

ANNUAL SUPPLEMENT TO
"INDIAN FINANCE"

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CALCUTTA

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Indian Finance Year-Book 1936

WE THANK YOU!

In placing the 1936 Edition of the *Indian Finance Year-Book* before our readers, somewhat earlier than in preceding years, we may, once again, venture to claim to have rescued this ponderous volume of annual reviews from the stigma and staleness of a routine publication.

Each section has been amplified both in scope and in detail.

While, formerly, the leading article was a review of the budgets, we have now attempted an economic survey of 1935-36. The Central and Provincial budgets are discussed at greater length and the "Bird's eye View" has been extended to cover the United Provinces as well.

A running survey of debt legislation, Central and Provincial, is also afforded, to facilitate the study of this paramount problem of agricultural indebtedness.

The Industrial Section contains, in each of its divisions, a financial survey of the industry during the year. An article on the handloom industry has been added; and most others have been rewritten in full.

The Agricultural Section now covers all the staples of this country.

The review of Foreign Trade is lent more point by being approached from the standpoint of the balance of payments and the outcome of our protectionist policy.

A review of the Stock Exchanges in India and articles from foreign contributors increase the wealth of new matter.

But we must confess, at the same time, to a harrowing sense of the incompleteness of the *Year-Book*. To cover every phase of the economic life of this Continent is, perhaps, not quite practicable. But the lure of this ideal can never fail to draw us. It would serve no purpose to set down here what we shall strive to achieve in the coming years. It is but fair to acknowledge, in humble gratitude, that the motive power of progress in the future, as in the past, will be the appreciation of our readers.

P. R. SRINIVAS, *Editor*.

C. S. RANGASWAMI, *Managing Editor*.

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ous year. Outturn of agricultural staples like cotton, wheat, jute, groundnuts and oilseeds compares very favourably with that of 1934-35, though rice shows a small decline. Industrial production has maintained the upward trend. The jute industry has by the end of the year abandoned restriction, though, in this case, the increase in jute mill production is a doubtful gain to the industry or to the country. Cotton industry has increased its output during the year in spite of the alarms expressed in the previous year that, as a result of the double shift, a glut might be created in the market with unfavourable reactions on the industry. In sugar, the first-half of the year showed a somewhat serious fall in production as compared with the corresponding period of the previous year; but there is every reason to believe that from the beginning of the new season in November, the loss would be more than made up, so that 1935-36 would even show a net increase over the production in 1934-35. In spite of the incompleteness of the statistics relating to the cement industry there is no mistaking the increase in output which the industry has maintained month by month. Iron and steel has an even more bright record to its credit and the production in minor industries like matches, paper and chemicals are all well over that of the previous year.

Production—Industrial

	1933-34	1934-35	1935-36
Cotton Manufactures (in lbs. Million) excluding Twist and Yarn ...	615'77	735'25	572'67
Cotton piece-goods (yds. million) ...	294'52	3,396'4	2,690'6
Jute Manufactures (Tons 000's) ...	907'05	950'83	754'03*
Sulphuric Acid (Cwts. 000's) .	483'45	529'65	420'06*
Sulphate of Amonia (Tons)	889'10	13,578'4	13,294'0*
Sugar (Cwts. 000's)	6,609'87	13,268'0	5,874'0*
Wheat flour (Mds. 000's) ...	13,792'69	13,650'89	10,268'79*
Paper (Cwts. 000's)	823'32	891'00	724'04*
Matches (Million Gross) ...	17'01	16'41	18'58*
Pig-Iron (Tons 000's) ...	1,109'40	1,343'06	1,377'76*
Steel Ingot (Tons 000's) ..	720'90	838'04	641'35*
Finished Steel (Tons 000's) ...	550'60	626'97	500'38*

*Nine months figures

Raw Material Production—Agricultural

(In Thousands)

	1933-34	1934-35	1935-36
Rice (Tons)	30,856(b)	30,856(b)	29,822(b)
Wheat „	9,449	9,414	9,725
Sugarcane „	4,872	5,109	5,905
Cottou (Bales)	4,656	4,807	5,679
Jute „	8,012(a)	8,525(a)	6,39(a)
Linseed (Tons)	373(b)	372	413
Rape and Mustard „	957	948	900
Sesamum „	5,26(b)	4,03(b)	430(b)
Groundnut „	3,254(c)	3,254(c)	1,842(c)

(a) Includes figures for Nepal.

(b) Excluding Bhopal.

(c) Excluding Mysore.

Production—Mineral

	1933-34	1934-35	1935-36*
Kerosene (Millions of Gallons) ...	153'93	169'26	121'28*
Petrol (Millions of Gallons) ...	72'62	81'29	68'94*
Coal (Tons 000's)	182'18	208'46	150'20*

*Nine months figure

One would wish that the increase in production, agricultural and industrial, were accompanied by an increase in the general level of prices. This, as everyone knows, has not materialised. The wholesale price index has hovered during the year about the level of 91 (July 1914=100). At the end of 1934-35, the downward trend of wholesale prices, which is usual to the first quarter of the calendar year, has well-nigh spent itself; but, it is difficult to detect the pronounced upward tendency such as would ensure a fair return for the

world conditions has, therefore, been favourable to the growth of India's foreign trade. It is wellknown that despite all that may be done by way of internal economic reconstruction, it will be a long time before the country can regard a fall in exports with any equanimity. India's export trade being primarily in agricultural staples, the well-being of the masses is closely bound up with exports. And if one reposes faith in the maxim that you cannot sell unless you buy, one will have to regard the entire foreign trade of the country as a matter of the gravest import to the people of India. It is well, therefore, to note at the outset that the total exports during 1935-36 increased from Rs. 155.22 crores in 1934-35 to Rs. 164.26 crores. At this level it shows an increase of 5.8 per cent. over the previous year. This compares with an increase of 3.7 per cent. in 1934-35 over the previous year; and it may be pertinent to recall that in 1934-35 exports recorded an increase of 10.4 per cent. as compared with its predecessor. Thus it will be seen that 1935-36 has made up in large part for the slowing down in the rate of increase of the export trade. It has also afforded another consolation in that the increase in the import trade of 14.7 per cent. which 1934-35 recorded over the previous year, has now declined to 1.6 per cent., imports during the year under review having increased only from Rs. 132.29 crores to Rs. 134.39 crores. If we make special mention of this, it is not because of an irrational prejudice against the import trade, but because of the fear that an increase in the import trade proportionate to the increase in the exports would render the problem of our foreign payments well-nigh insoluble, that is, when gold exports cease to figure so largely in our transactions with foreign countries. That this is no vague fear has been shown clearly by the fall in the private exports of gold in 1935-36 from Rs. 52.53 crores in the previous year and Rs. 57.05 crores in 1933-34 to Rs. 37.35 crores during the year under review. In fact, the balance of transactions in treasure has steadily fallen during the last three years from Rs. 57.23 crores to Rs. 52.53 crores and thence to Rs. 36.37 crores. Thus the increase in our balance of trade in merchandise from Rs. 23.42 to Rs. 30.55 crores has hardly sufficed to prevent the fall in the total visible balance of trade, which has shrunk from Rs. 75.95 crores to Rs. 66.92 crores. Some might

be inclined to interpret the fall in imports of gold as a faint indication of an improvement in the position of the agriculturists, though, for our part, we would attribute it mainly to a gradual drying up of the sources of supply.

Foreign Trade

(In Lakhs of Rupee)

	1933-34	1934-35	1935-36
Exports of Indian Merchandise ...	147,25	151,67	160,49
Re-Exports of Foreign Merchandise ...	8,42	8,55	8 77
Imports of Foreign Merchandise ...	115,00(a)	131,80(a)	133,71(a)
Balance of Trade in Merchandise	+25,67	+23,42	+30,35
Balance of transactions in Treasure private	+57,23	+52,53	+36,37
Total visible balance of trade	+92,90	+75,95	+66,92

(a) Excluding value Railway Materials (Rs. 36 lakhs, Rs. 49 lakhs, and Rs. 68 lakhs in the twelve months April to March, 1934-34, 1934-35 and 1935-36 respy). imported direct by State Railways working under Company Management which was not paid for in the ordinary way and not, therefore, taken into account in arriving at the balance of trade.

The figures of foreign trade which are subject to closer scrutiny in the appropriate section of this *Year Book* must, however, be deemed encouraging. They confirm the impression that the trade recovery which set in in the summer of 1932, has not yet come to a halt and that the general pace of progress will be sufficient to lighten the problem of internal economic reconstruction. It would be unfortunate for economic planning if, at the time it is taken on hand, improvements in internal trade should be more than offset by a setback in foreign trade. The improvement in foreign trade is also, it must be noted, well spread over the principal agricultural staples. Excepting raw cotton, which shows a slight decline in volume and in value, the other commodities have maintained their position and some have shown an appreciable improvement.

Within the country, production has shown a marked increase over the previ-

ous year. Outturn of agricultural staples like cotton, wheat, jute, groundnuts and oilseeds compares very favourably with that of 1934-35, though rice shows a small decline. Industrial production has maintained the upward trend. The jute industry has by the end of the year abandoned restriction, though, in this case, the increase in jute mill production is a doubtful gain to the industry or to the country. Cotton industry has increased its output during the year in spite of the alarms expressed in the previous year that, as a result of the double shift, a glut might be created in the market with unfavourable reactions on the industry. In sugar, the first-half of the year showed a somewhat serious fall in production as compared with the corresponding period of the previous year; but there is every reason to believe that from the beginning of the new season in November, the loss would be more than made up, so that 1935-36 would even show a net increase over the production in 1934-35. In spite of the incompleteness of the statistics relating to the cement industry there is no mistaking the increase in output which the industry has maintained month by month. Iron and steel has an even more bright record to its credit and the production in minor industries like matches, paper and chemicals are all well over that of the previous year.

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One would wish that the increase in production, agricultural and industrial, were accompanied by an increase in the general level of prices. This, as everyone knows, has not materialised. The whole-sale price index has hovered during the year about the level of 91 (July 1914=100). At the end of 1934-35, the downward trend of wholesale prices, which is usual to the first quarter of the calendar year, has well-nigh spent itself; but, it is difficult to detect the pronounced upward tendency such as would ensure a fair return for the

cultivators. That the wholesale price index has, generally speaking, kept at a higher level in 1935-36 than during the previous year, is a somewhat poor consolation; for there is no knowing whether the producers were able to reap any tangible benefits out of this slight increase in prices. It seems safe to presume that there has been no setback—another circumstance which enables a more hopeful outlook of the future.

It is somewhat disconcerting to note that the indices of internal trade activity are not as heartening as the figures of foreign trade or of internal production. As is well-known, such indices are notoriously incomplete and are only indirect evidence of the vicissitudes of internal trade. In the existing state of statistics in India, one has to rely, for gauging the trends of internal trade, mainly on the financial statistics such as clearing house returns, the figures of railway earnings and the returns in regard to coastal traffic. The figures of such clearings convey an impression of greater activity in internal trade, the total for the year being 1,742 crores as compared with 1,829 crores in 1934-35. But, it would be unsafe to draw conclusions from these figures as the increase may well be due to the changes brought about by the constitution of the Reserve Bank of India. In other words, it is more than possible that transactions, which formerly did not figure in clearing house returns, have come within the scope of the clearing on account of the constitution of a central banking institution distinct from the old Imperial Bank. Caution is particularly necessary as both in respect of railway returns and of coastal trade, no improvement is noticeable. The gross earnings of State-owned railways show a fall during the year, but wagon loadings show a slight increase which, though it does not indicate any marked improvement in trade activity, is still sufficient to suggest the steady continuance of the recovery. One must also pay heed to the fact that the total tonnage entered and cleared in our coastal trade has shown a fall as compared with the previous year.

Turning to national finances, the experiences of the provincial governments seem to confirm the view that though the recovery has not come to a halt, the general level of prosperity among the mass of people has not risen appreciably. The provincial governments cannot be said, as, indeed, the central government can be said, to have left behind the period of

deficit budgets and to be able to hope for increased outlay in those departments which further the common weal. The old theory that savings are best left to fructify in the pockets of the tax-payer is now completely obsolete; and national economic progress is generally conceived as the result of increased revenues derived from higher prosperity being spent in a manner that would promote the progress of business and the increase of national wealth. In India particularly, it is difficult to imagine any notable progress in national economy except with a large outlay of public expenditure on nation-building schemes. If this view is correct, the state of the provincial finances as disclosed in the budget statements of the Finance Members in February-March last cannot be considered to be altogether encouraging. For out of the various provinces, the Punjab, the United Provinces, Bengal and the Central Provinces have failed to avoid any deficits for the year 1936-37, though, in most cases, the revised estimates for 1935-36 proved to be better than the original budget estimates. The province of Sind, Orissa and Northwest Frontier have been brought into being as frankly unable to make both ends meet for a long time to come. Madras and Bombay have the distinction, or rather the misfortune, of figuring as provinces which have been able to budget for a surplus in 1936-37.

(In Crores of Rupees)

	1933-34	1934-35	1935-36
Notes in Circulation	2,136	2,196	2,304
*Cheque Clearance	1,641	1,742	1,829

*Unadjusted.

†By taking the value of Currency Notes in Circulation at the end of each month.

While the small surplus shown in the case of Madras and Bombay does not warrant any conclusions as regards an improvement in the prosperity of the people, the respective governments have had to pay a heavy price for their zealous regard for financial integrity. For, it has meant that in the recommendations for the adjustment of provincial and central finances, the provinces have lost a great deal, while the deficit provinces have gained through Sir Otto Niemeyer, various reliefs. The outlook of provincial finance as a whole, judging from the Niemeyer Report, is none too bright. The only improvement

which can be expected is that the provinces like Bengal, which had fallen into a state of chronic deficit, will in the future be able to produce a fair balance between current revenue and expenditure. But, at the same time, provinces like Madras, Bombay and the Punjab will have to call a halt to the expansion of Nation-building activity and to remain content with a slowing down of the pace of progress. The only hope of a substantial improvement in provincial finance is the possibility, too remote to seem real, of the Central Government being able to let the provinces have their share of the income-tax. According to Sir Otto, this would depend mainly on the Railways being able to resume their contribution to the general revenues and no student of railway finance and railway affairs will consider it as a fair prospect. We have already pointed out that economic progress in India on any appreciable scale, will have to come mainly through the impetus of larger outlay on nation-building schemes; and, in so far as this depends on a permanent improvement in the position of provincial finance, it would seem to be a forlorn hope, indeed. For the present, one has to be content with such indications of improvement as are contained in the review of the finances of the Central Government. The budget statement of Sir James Grigg, it must be said, contains many indications of general improvement in economic well-being.

The vast increase in the revenue derived from indirect taxation must be pronounced, in the absence of evidence to the contrary, to indicate a growth in consumptive capacity. Without overlooking the essential incompleteness of statistics in this

regard, one may say that the market for cotton goods and sugar has broadened during the period. In both these cases, imports and internal production have alike shown a marked increase. The increase in imports and internal production of sugar has enabled the Government of India to realise through the import duty and through the excise far more than they had anticipated, and the estimates for 1936-37 on this date are framed on the assumption that the internal market for sugar has begun to grow. Sir James Grigg has also assumed an increase in income tax revenue to the extent of Rs. eighty lakhs, which is another indication that the general economic situation continues to be on the mend. The Central Government have also cheerfully accepted the report of Sir Otto Niemeyer, which means that they will have in the coming years to part with more than 2½ crores by way of subventions and reliefs to the deficit provinces. This surely implies a hopeful outlook. But whether the economic aspirations of the people will be realised in any measure is more than any one can say. There is now throughout the country a pronounced reaction from the violent protectionist sentiment of earlier years and a tendency to emphasise the importance of reconstructing rural India, without prejudicing in any way the prospects of industries which have come into being. Whatever policy India may pursue in the future in regard to tariffs and foreign trade, the progress of agriculture is essential; and it is to be hoped that in the next few years, government and people will unite in a determined effort to break the shackles off the limbs of Indian agriculture.

FOREIGN EXCHANGES

RETROSPECT AND PROSPECT

By PAUL EINZIG

The year 1936 has been characterised, up to the time of writing at any rate, by a relatively high degree of stability of exchange rates. Since the devaluation of the currencies of Belgium, Luxemburg, and the free City of Danzig last year, there have been no further devaluations. Nor have any countries suspended the Gold Standard or allowed their exchange to depreciate to any material degree. The range of fluctuations has been much narrower than in any year since 1931. Even though this range was wider than in normal conditions when it is limited by the gold points, it was considerably narrower than is customary between inconvertible paper currencies.

The relative stability of the exchange was not, however, the result of a fundamental equilibrium. On the contrary, it was maintained artificially in face of strong currents tending to cause as wide exchange movements as were ever witnessed since 1931. The stability of a small number of currencies which are still on a gold basis was maintained by the working of the Gold Standard, while the predominant majority of exchanges were defended against unwanted fluctuations with the aid of official intervention in the foreign exchange market. Indeed, the management of exchanges with the aid of Exchange Equalisation Accounts has become the rule and *laissez faire* in the foreign exchange market the exception.

The stability of the currencies of the Gold Bloc—the French franc, Dutch guilder and Swiss franc—was maintained in relation to gold and the dollar in face of strong adverse pressure. In particular the French franc has been subject to a series of violent attacks. There has been an almost constant adverse pressure, due mainly to the flight of French capital abroad and also to some extent to speculative operations. For some time between February and April the effect of this pressure remained neutralised as a result of the credit of £40,000,000 granted to the French Government by a group of London

banks. These additional resources were, however, used up by May, when the franc had to face an intensified attack that followed the victory of the parties of the Left at the General Election. Notwithstanding repeated statements to the contrary, it was widely believed that one of M. Blum's first actions on assuming office would be the devaluation of the franc. The flight of French capital increased in volume for fear of devaluation, high taxation and other possible anti-Capitalist measures. It was not until the Government made it plain that it meant to continue defending the franc that the adverse pressure subsided and even became reversed.

In face of the strong adverse trend the French authorities defended the franc by "playing the game of the Gold Standard". That is, they allowed gold to leave the country freely and, whenever unfavourable movements became accentuated, they raised the Bank Rate to 6 per cent. It cannot be said, however, that the actions of the Bank of France conformed fully to the orthodox Gold Standard rules, in which the defence of an exchange would necessitate the contraction of credit. The French authorities were not in a position to pursue this rule; on the contrary, they had to expand credit in order to finance the deficit of the Treasury and in order to enable the banks to meet the withdrawals of deposits.

Since gold was allowed to be withdrawn from France to the United States, the franc-dollar rate remained steady around gold export point. On the other hand, the franc-sterling rate did not remain absolutely stable owing to the fact that, Great Britain not being on the Gold Standard, the gold points did not operate. Had natural tendencies been allowed to take their course, there would have been a sharp appreciation of sterling in relation to the franc as a result of the wholesale flight of French capital to London. Such an appreciation would have entailed a corresponding appreciation of sterling in

relation to the dollar; and this would not have suited the interests of British export trade. For this reason, the Exchange Equalisation Account endeavoured to counteract the depreciation of the franc in terms of sterling. In accordance with its traditional tactics it did not aim at the rigid stabilisation of the sterling-franc rate, but simply at the regulation and moderation of the movement. Thus, instead of allowing sterling to appreciate in relation to the franc to the extent of, say, 10 per cent., it kept down the extent of its appreciation to about 2 per cent. This end was achieved by means of buying francs heavily and converting the proceeds into gold through earmarking at the Bank of France. As a final result, the Bank of France lost a substantial amount of gold and the tactical position of the franc weakened further.

While the adverse pressure was to a large extent, prevented from producing its effect upon the spot franc, it was allowed to produce its effect upon the forward franc. Consequently the discount on forward francs, which was abnormal, widened at times of adverse pressure to spectacular dimensions. Occasionally, the discount for three months was equivalent to nearly 40 per cent. per annum, while the discount for shorter periods was considerably wider. This was due in part to speculative short selling of francs, which continued, notwithstanding the efforts of the authorities in various countries to discourage it. To a large extent, the weakness of forward francs was the result of genuine hedging against the risk of depreciation by those possessing assets in France.

It was inevitable that the unfavourable trend of the franc should spread over the Dutch and Swiss exchanges. In the case of Switzerland, the adverse pressure was to some extent justified by the inherent weakness of the currency due to the dangerous banking situation. In the case of Holland, however, the improvement of the general situation due to better Colonial trade failed to prevent the development of a weak undertone. It was assumed that once the French franc was devalued, neither Holland nor Switzerland would be in a position to resist devaluation any longer. Consequently whenever the French franc was weak, a wave of pessimism developed regarding the prospects of the other two currencies of the Gold Bloc.

The currencies which may be regarded

as satellites of the Gold Bloc were also subject to adverse pressure. Poland was compelled to introduce drastic exchange restrictions; and she chose to default on her foreign debt rather than devalue her currency. The German Reichsmark was maintained at par; but the various blocked marks depreciated further. Spain found it also increasingly difficult to resist unfavourable tendencies. Roumania decided to abandon the pretence of resisting devaluation and confirmed the *de facto* depreciation of her exchange by a legal devaluation to the extent of 38 per cent. In Czecho-Slovakia it was found that the devaluation of 16 per cent. which was carried out some two years ago was not sufficient and the exchange remained subject to adverse pressure. In Italy the sanctions and the extremely severe restrictions created a special position in which the lira rate was purely artificial. It was allowed to depreciate slightly after the victory in Abyssinia.

The tendency of currencies which were allowed to find their approximate equilibrium level through devaluation or through depreciation presented a sharp contrast to the tendency of the Gold Bloc and its satellites. This contrast was the most pronounced in the case of the belga, which until March, 1935 was one of the Gold Bloc currencies. The moment it was devalued, adverse pressure gave way to a favourable tendency. Confidence in the stability of the belga at its lower level was fully restored and most of the Belgian capital, which took refuge abroad, was repatriated. What is more, Brussels has become a centre for foreign refugee funds. As a result, the flight of capital from France and Holland resulted in a firm tendency of the belga which, apart from brief intervals, continued throughout the period under review. Forward belgas were at a premium; and the inflow of foreign funds assumed at times almost embarrassing dimensions.

The same phenomena were noticeable on a much larger scale concerning the dollar. It is now generally assumed that President Roosevelt will not experiment with a further devaluation of the dollar, if he can possibly avoid it. For this reason, the dollar commands much confidence and New York has become the chief centre for refugee funds. This, together with the favourable trade balance, resulted in an almost constant firm tendency of the dollar in relation to gold currencies. To some slight extent

it was sought to counteract this tendency by silver purchases in producing countries and in the East; but, for the most part, it resulted in a heavy influx of gold from the Gold Bloc countries and from the open market in London. As a result of this buying pressure and of the low interest rates prevailing in the New York market, forward dollars remained constantly at a premium. Since sterling is not on a gold basis, it is inevitably highly sensitive to the tendencies of other major currencies. If there is a flight from the franc both to London and to New York, it tends to affect sterling to a much higher degree than the dollar, for the simple reason that, while its effect on the dollar is limited by the operation of the gold points, its effect upon sterling is in theory unlimited. Even in practice the limitations of its effect upon sterling through the operations of the Exchange Equalisation Account are not complete. As we pointed out above, the Exchange Equalisation Account does not, as a rule, rigidly oppose exchange movements, but merely endeavours to reduce them. This means that, while the crises and the recoveries of the franc affect the franc-dollar rate to a moderate extent only, they affect the franc-sterling rate to a much higher degree; and since the franc remained pegged in relation to the dollar at gold export point, it was inevitable that sterling should fluctuate in terms of dollars at the same time as fluctuating in terms of francs. Official intervention kept the range of its fluctuations much narrower than during previous years. While in 1935 the range of its fluctuations was about 5 per cent., in 1936 it was rather under 3 per cent. Indeed, the conception that in practice, if not in law, sterling is stabilised has gained ground to no slight degree. It accounts for London's increasing popularity as a refuge for foreign capital.

The currencies of the Sterling Bloc continued to remain more or less pegged in relation to sterling. Some of them had their individual fluctuations which, however, seldom exceeded normal proportions customary between currencies on the same standard. Apart from the weakness of the Argentine peso, there were no violent fluctuations in Latin American exchanges, most of which have linked themselves up either with the dollar or with sterling. As for the remaining few silver exchanges, the relative stability of the price of the metal since the beginning of this year narrowed

down the range of their fluctuations in relation to gold and paper exchanges.

Having given a bird's-eye view of the development of exchanges during 1936, let us now consider their prospects. It is extremely risky to make any definite forecast amidst the existing uncertainty about the fate of the franc. All one can do is to enumerate the alternative directions of development.

- (1) The defence of the franc at its present parity will continue for a long time.
- (2) The franc will be devalued during the next few months.
- (3) The franc will be allowed to find its own level.
- (4) The franc will join the Sterling Bloc.

Should the stubborn defence of the franc continue, it would, in all probability, cause a further appreciation of sterling. There is no reason to suppose that the Exchange Equalisation Account would change its policy by rigidly resisting a further rise, unless and until the appreciation of sterling begins to embarrass the export trade. If its task in checking the rise of sterling becomes more difficult owing to exchange restrictions and gold embargo in France, then the chances are that sterling will be pegged in relation to the dollar. Until now the British authorities have preferred to operate in francs owing to the possibility of converting their purchases into gold. If, however, at any time this possibility should cease to exist, the next best thing would be to operate in dollars.

Let us now consider the probable effects of a devaluation of the franc. It is safe to assume that it would be followed by an all-round devaluation of the currencies of the Gold Bloc and its satellites. Among others, Germany would also devalue. This is a point of importance because, while there is very little competition between British and French export trades, competition is very keen between Great Britain and Germany. Thus, if a drastic devaluation of the Reichsmark should place British export trade in a difficult position, it would be inevitable to allow sterling to adjust itself to a level which is more in accordance with the interests of the export trade. In any case, an all-round devaluation is likely to be followed by withdrawals of refugee funds, which would be repatriated.

WORLD'S STOCK EXCHANGES

RETROSPECT AND PROSPECT

By R. GORDON CUMMINGS

Any attempt to analyse the individual major and minor factors which have exercised their influence during the last eighteen months on world stock markets, and the detailed effects on security prices would be impossible of achievement in an article of this general nature. I shall, therefore, confine my remarks and conclusions to a general survey covering the principal markets.

Before proceeding, however, to what might be called a detailed survey of the major factors, and with a view to saving repetition, I consider that it is essential at this opening stage to summarise and to dispose of the factors which have played their part in swaying market sentiment since the beginning of 1935. Such factors, at least those of major importance, can be broadly summarised as coming under the following headings :—

1. International political influences.
2. The Abyssinian war.
3. The world re-armament race.
4. Exchange restrictions and currency devaluation fears.
5. Economic nationalism and tariff restrictions.
6. Commodity price fluctuations and restriction schemes.

Major Market Factors Analysed.

Thus broadly, as shown above, can be summarised the troubles which have had to be faced, alone, or, in many instances, one in conjunction with another, during a period which has been difficult in more senses than one. A brief examination of the major influences at work in stock markets may, perhaps, appear to be covering old ground, but is, nevertheless, essential if we are to obtain a clear picture of the past year's events.

We, in London, are now becoming phlegmatic about unexpected political upheavals, which are almost day to-day occurrences. Changes of political opinion of serious import do still, however,

continue to exercise the minds of market operators and investors. The reaction of stock markets to serious ruptures in international relations has generally been a precautionary marking down in prices followed by a period of comparative quietness—in some cases complete stagnation—eventually overcome by steady revival, or even a rapid recovery. The net effect, therefore, has been for political considerations to simply serve as a “brake” on upward movements.

Little notice was taken in its early stages of the possibility of a war actually breaking out between Italy and Abyssinia. True, caution was observable in the period immediately preceding actual fighting, but it was not until the Italians invaded Abyssinia that markets really reacted to the possible implications which might then have followed, had the trouble spread to other nations. After a few months, the Abyssinian war also became a thing of the past and was superficially ruled out of account as a market factor.

The present tendency for each nation to increase its defensive forces beyond what should be normal peace time limits has provided a double-edged weapon. On the one hand, re-armament naturally leads to fear of war, with its inevitable repercussions on international trade and stock markets, while, on the other hand, the expenditure of enormous sums of money on what, for a better word, might be called non-productive goods has led to the stage where certain industries in most countries of the world have reached a position of ever-increasing prosperity. We have, therefore, seen sections of the stock markets weakening on the possibilities of a war, while other sections, such as the armament and iron and steel markets, have been rising, preparations for war meaning bigger profits for companies operating in these trades.

Exchange restrictions have been playing a part in stock market movements for several years, so that they are now almost

a customary evil. Exchange restrictions in countries like Germany have been tightened up during the last eighteen months, while Italy joined the ranks of the Exchange Restrictionists not many months ago. At the present time there appears to be little hope of seeing such restrictions lifted in even the most promising of the South American countries.

France has led the way in providing plenty of scares on currency devaluation. The United States of America has also contributed its small quota of uneasiness. At one time, not so many weeks ago, it seemed almost certain that some form of devaluation would have to be applied to the franc.

The net result of these overhanging fears has been a constant transference and re-transference of funds from the countries likely to be affected to those countries considered to be safely beyond the barriers of devaluation. This ebb and flow of capital has served, purely apart from sentimental factors, to bring about sharp fluctuations in stock market prices, typical instances, which can be cited, being the movements seen at various times in British Government securities following their purchase on behalf of French Nationals and their subsequent sale.

Wrong though it is, almost every country in the world is now doing everything in its power to shut itself off from other countries. Tariff barriers are raised and re-raised in order to keep down imports, while on the other hand, every effort is made to increase exports, a policy which naturally cannot get very far in both directions. While there are a few hopeful signs of world trade expanding, there is little hope of any big increase until "Economic Nationalism" is put to one side. There is no necessity for me to emphasise the great benefits accruing to the world as a whole from the free and easy flow of goods and raw materials from one country to another.

One outcome of this attempt to find economic self-sufficiency has been a noticeable effect on the consumption, supply and prices of commodities. Other factors have, of course, operated to account for the fall in commodity prices, such as an increase in production, but there is in my opinion no burking the fact that, if trade was allowed to be carried on without any hampering restrictions, the demand for raw materials would improve. A decline in productive power and a fall in spending power must inevitably be reflected in a lower demand for primary commodities, which in turn leads to falling prices and,

as has happened in many instances since 1930, the formation of restriction schemes aiming at maintaining the market level by limiting production to existing demands. Typical instances are provided by the tin, tea, rubber and copper restriction schemes.

What of the Future?

Having summarised the major influences effecting stock markets in one way or another, it might be advisable at this stage to consider what hope there may be in the future of seeing all, or even a few, of these adverse influences removed from the path of market recovery.

For all practical purposes, the Abyssinian war is now a thing of the past, although the backwash arising therefrom sometimes makes one think that it would be better to have the war rather than the results. Unless troubles should arise from the controversy over Sanctions, we can eliminate Abyssinia from our future market calculations.

Political upheavals are, I am afraid, likely to be with us for many years to come, unless, of course, a miracle happens. A very careful eye must be kept on Germany, which at the present time appears to be rapidly ripening into the plague spot of Europe. Japan is also an enormously serious factor, while Italy and some of the Central European states may easily do something at an unexpected moment to bring about serious trouble. Apart entirely from currency and economic considerations, France is a doubtful starter in the "Peace Race", her fears of invasion by surrounding nations creating the ever present possibility of getting rid of the nightmare by starting trouble herself.

The student of stock markets must, therefore, watch carefully every development in the political world, with a view to translating even the slightest hint of trouble into what effect it will have on market movements.

Rearmament programmes are bound to continue on an enormous scale, but, as pointed out earlier in this article, what may mean loss to one part of the community means profit to the favoured few who stand to make money out of the manufacture of fighting machines. We can, therefore, look for sustained interest in the shares of companies having direct and even remote interests in the manufacture of armaments.

Sooner or later, there will have to be a wholesale revaluation of world currencies based on present conditions. The position which has been existing since soon after

the end of the Great War is that one country appears to be afraid of taking any step in priority to any other country. It only needs co-operation and the framing of a definite policy between Great Britain, France and the United States of America to bring every other country in the world into line. International distrust is, however, too great, although I feel that the United States may suddenly get fed up with sitting on the fence and take the necessary step which will start the ball rolling.

The first effect of currency devaluation on stock markets would be a fall, possibly sharp, followed by sharp improvement when minds have been adjusted to the new conditions. Stock markets of the devaluation countries would be those standing to benefit to the greatest extent, the behaviour of London markets in September 1931 being an ideal illustration of what may happen.

Prices of many commodities are only being kept at their present levels by schemes formulated to restrict output to a level sufficient to meet current demands, and, in some cases, to a level which will also serve to reduce accumulated stocks. Some of these restriction schemes are voluntary in nature, for instance, that applying to copper, while in other instances, such as tin, rubber and tea, they have been formulated in conjunction with the Governments of the countries primarily concerned in the prosperity of the particular industries in which they are interested. Such schemes are more rigid and are usually entered into for a definite period of time, with the proviso that periodical adjustments can be made to meet changing conditions. The rubber restriction scheme is an outstanding example, the committee altering the production quotas whenever it is considered that the price of the commodity is rising too sharply.

Restriction schemes naturally cut both ways. They benefit in a general sense the producer, but, on the other hand, they are not often to the liking of the consumer who realises that, if there were no restriction, he would be able to buy his raw materials at cheaper prices, although perhaps shortsightedly, forgetting that his own sales might suffer from an ultimate fall in purchasing power.

At the time of writing there is the possibility of seeing the tin restriction scheme completely abandoned by the end of 1936. Such fear has brought about a decline in the price of tin, and a fall in the price of

tin shares. Factors like these will continue to exercise their influence on commodity share markets; but it is not for me to forecast what may be the position a year hence.

Prospects summed up.

Dealing generally, as I am, with world stock markets, any forecasts, which I make, must necessarily be of a very broad nature. So far as I can foreshadow at the time of writing, I think that movements in the leading stock markets will be more or less upward for a period of twelve to eighteen months. Intermediate fluctuations will, of course, be seen; but on the whole there is some reason to anticipate a lightening of political and financial burdens now casting their shadows over the world.

The cost of money, by which I mean short and long term interest rates, will play a big part in the type of security likely to become most popular. If we are to have large scale expansion in international and internal trade, it is inevitable that money rates will harden. Higher interest rates will be reflected in a lowering of the market prices of fixed interest securities, while the diversion of more money to industrial enterprise will mean a rise in profits and a rush for industrial equity shares. As I have pointed out in many of my articles, which appear regularly in *Indian Finance*, fixed interest securities should be sold and the money reinvested in the ordinary shares of companies standing to benefit from trade expansion.

Countries, which are now in the very backward stages of economic recovery, will be the ones likely to yield the greatest profits to investors having the patience to nurse their holdings, for several years if necessary. The United States of America may also turn out to be a very promising field for investment, but there need be no hurry to rush into this market until the internal political situation is clearer.

The rearmament boom is serving to stimulate business in Great Britain, for not only are the companies directly interested in the manufacture of armaments finding themselves in the position of making profits, but such increasing prosperity is going round the circle and bringing more trade to other industries. According to calculations, the Government's programme will take about five years to complete, so to this extent many industries can be certain of being busy for some years to come.

This present prosperity is, unfortunately, not based on a sound productive foundation. At any time the Government may decide to curtail its ambitious programme. But even setting aside this possibility, it needs little thought to realise that the manufacture of non-productive goods is not even on the remotest possibilities likely to have any lasting good. Sound trade is only built up by the steady circulation of goods, not by the rush-manufacture of large quantities of things which will never come into circulation.

While this false feeling of prosperity continues, industrial share markets will attract investors. Particular attention will be directed to the armament and iron and steel sections. The shipbuilding industry and aeroplane manufacturing companies will also provide popular counters for the speculatively-minded investing public.

Certain of the commodity markets, such as copper, tea and rubber will rise to higher levels over the next twelve months. I pin my greatest faith, however, in gold shares, for, whatever happens, industrially or economically, the value of gold is more likely to increase than to fall.

I have already indicated that some of the more depressed foreign countries are worth watching. Large sums of British capital are invested in South American enterprises, the stocks and shares of which are free markets in London. Judicious selections amongst these securities, mostly now obtainable at a large discount on their par value, is worth the attention of the far-sighted investor who is in a position to ignore immediate income return in exchange for capital appreciation. The bonds of South American States also come in this category.

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THE LONDON CAPITAL ISSUE MARKET

By R. GORDON CUMMINGS

There is no need for me to dilate on the part which the city of London plays in the finding of new capital, it being generally recognised throughout the world that the "City" stands predominant, both from the point of view of the amount of money raised each year and the comparative ease with which large loans, incapable of being placed in other markets, can be floated with the minimum of trouble and on the best possible terms for the borrower.

One aspect of the capital issue market is not, however, fully appreciated; and until recently, very little statistical evidence was available on the subject. Statistics have been compiled for many years covering the total amount of capital raised in Great Britain month by month and year by year; but insufficient attention has been directed to the manner in which this money has been utilised, and, most important of all from an economic point of view, the exact amount made available for further business expansion.

Realising the urgent need for such figures, I came to the conclusion some time ago that the preparation of comprehensive statistics would serve to throw light on these and other important matters. As a result of my investigations special statistics were commenced as from July 1935, these being prepared for and published by *The Daily Herald*, under the title of "The Daily Herald Monthly Digest of Capital Issues." The monthly figures having now been running for twelve months, that is up to the end of June 1936, it is possible to draw some interesting conclusions.

Before summarising the figures for the year under review it is necessary, first of all to give some idea of the basis of compilation.

There are three main methods by which money is raised in the British capital market, these being by public issue, "introductions", and private issues to shareholders of established companies.

Public issues, by which I mean all offers made by way of prospectus, can take three forms: public issues, offers for

sale at fixed prices, and offers by tender, the method usually adopted by Public Utility undertakings, at varying prices.

The "introduction" system is one deserving special attention, as there has been a tendency of late for this type to increase. There is no necessity to circulate the usual prospectus, the Promoting House or stockbroking firm responsible simply having to meet certain requirements laid down by the Committee of the London or Provincial Stock Exchanges. Such particulars, which must be advertised in two newspapers, give information on the nature of the business, the profit record, balance-sheet, and material contracts.

So far so good. But it is when we come to the question of marketing that inequities may arise, the general method adopted by those responsible being to place blocks of shares at fixed prices amongst private investors or friends, or to purchase substantial numbers of shares at agreed prices and later to sell these through the usual Stock Exchange channels.

There is no fixed price at which the public can buy the shares "introduced", this depending upon the opening quotation. The opening price is, therefore, unrestricted and is governed partly by the limits investors are prepared to pay for a participation in the business. There are cases, of course, where "introductions" are confined to private placings of debenture stock and preference shares, but when we come to ordinary shares the position is different.

I have known instances where the opening price of ordinary shares has been almost twice that paid by private subscribers, the difference between the two levels representing the profits accruing to the Issuing House, the people with whom shares were privately placed, and the market.

Early in 1935 the Committee of the London Stock Exchange notified its members that particular scrutiny would be directed to this type of issue and even hinted that, if the amount of capital involved was more than a small amount,

the brokers to the offer would be advised to make it by way of public issue or offer for sale. Since this announcement was made, the volume of "introductions" has become greater.

The third method of issue is self-explanatory, many existing companies adopting the satisfactory all-round method of raising new capital by the offer of shares or debenture stocks to their shareholders, usually at a price giving them a bonus when account is taken of the market price of existing stocks of the same category. For the purpose of these statistics private placings of securities in existing public companies and new money subscribed by the exercise of options have also been included under this heading.

The basis of computation used in compiling the figures can briefly be summarised by stating that the issue price has been used in the case of public issues and offers

for sale; the average gross realised price in regard to tenders, the opening market price for "introductions"; the issue price for offers to shareholders; the opening market price for private placings; and the option price in the case of options, excepting where these are exercised by Finance Houses and market interests, when the market price has been adopted. Shares and stock allotted to Vendors as part of the purchase consideration for assets taken over have been valued on the same bases.

While it is impossible to give all of the tables for the past year, it is felt that a clear picture will be obtained from the following summaries, which bring out the salient features.

The first statistical table shows the total amount of money represented by all issues for each of the past twelve months, together with the methods, expressed as percentages of the total, by which it has been raised.

Month 1935	Total	Percentage of Total					
		Public issues	Introductions	Shareholders	Debentures	Preference	Equity
July	71,643,739	30.3	6.5	13.2	60.9	9.2	29.9
August	10,409,008	31.2	56.9	11.9	52.2	38.9	8.9
September	12,917,459	22.0	49.3	23.7	21.3	16.5	62.2
October	10,323,684	16.8	52.6	30.6	4.1	30.5	65.4
November	18,141,182	52.0	12.3	35.7	37.1	11.8	51.1
December	15,136,795	60.7	16.0	23.3	31.5	19.7	48.8
1936							
January	42,954,464	69.6	69.9	13.5	72.3	6.9	20.8
February	34,340,668	49.8	26.8	23.4	44.8	8.2	47.0
March	22,933,917	50.5	39.8	9.7	21.5	9.0	69.5
April	22,003,347	50.6	24.1	25.8	18.5	15.5	71.0
May	23,571,573	44.8	20.1	35.6	30.4	11.6	58.0
June	32,984,114	20.3	51.8	27.9	11.6	17.1	71.8
Total	322,359,950	53.7	25.4	20.9	40.5	12.8	46.7

Variations in the methods of raising the capital have more or less fluctuated in accordance with the changing moods of the investing public. Attention has been directed in earlier paragraphs to the "introduction" system. Expressed in money values the total of £322,359,950 for the year was represented by £173,083,012 from public issues, £82,017,054 from "introductions, and £67,309,884 from shareholders, etc., while the denominational category discloses that £180,586,368 was raised by debenture issues, £41,299,395 by preference stocks and shares, and £150,474,192 by ordinary stocks and shares.

Out of the above totals, it has been calculated, £247,990,267 was subscribed or directly purchased by the public, vendors taking the balance of £74,369,683. In

addition, vendors were paid £45,551,239 in cash, thus making a total of £119,920,922, in exchange for which they handed over fixed assets valued at £70,729,499, net liquid assets of £13,724,800, and goodwill, patents, etc., valued at £35,466,623.

The distribution or allocation of the publicly raised money is, as previously indicated, of the greatest importance. *The Daily Herald* statistics reveal that out of the total of £247,990,267 put up by private investors, no less than £152,352,901, or 61.4 per cent., was money made available for the purchase of new assets and business expansion. Moreover, this figure might be increased; but to what extent, it is impossible to calculate, by the fact that a sum of £34,771,590, or 14 per cent. of the total, was used in repayment of short-term loans owing to bankers and

other lenders. It is safe to assume that good proportion of this money would find its way back into the financing of other business expansion.

Costs of raising this money in the form of preliminary expenses and promotion profits took £15,314,537, or an average of 6.2 per cent. on the money subscribed by the public. This figure should be taken with due reserve as issues to shareholders are usually made at a negligible cost, while debenture and Municipal loan issues, together with private placings of debenture stock, cost little more than half to one per cent. on the money involved.

The balance of the publicly raised money, equal to 18.4 per cent., was paid to vendors as part of the purchase consideration.

Our next stage is to analyse the destination of this money into geographical sections. The following table shows how the total £322,359,950 has been distributed between Great Britain, British Colonies in Africa, Asia, Australia and America, and the amount of money raised for foreign countries.

		£
Gt. Britain	...	262,333,841
Africa	...	41,244,960
Asia	...	4,554,915
Australia	...	6,390,833
America	...	4,542,890
Foreign countries	...	3,292,508

Treasury restrictions on the export of British capital have naturally influenced the raising of loans for foreign countries. As will be seen from the table given above, money for abroad was only about 1 per

cent. of the total for the twelve months ended June 30, 1936. A special Committee has recently been set up in London to examine the whole question of foreign lending; and while the present restrictions may not be lightened to any material extent, a greater degree of flexibility may in future be allowed.

Another very important matter worthy of detailed analysis is the amount of capital raised for different types of industry, together with the amount of new money available out of these offerings. Excluding conversion offers, the twelve monthly total can be broadly summarised as under :

Group	Total £	For Development £
Transport and Shipping	65,524,766	58,166,507
Steel and Engineering	38,307,373	8,772,554
Mining	37,196,230	16,467,148
Sundry Manufacturing	30,812,680	7,236,025
Motors and Aircraft	28,992,212	7,594,651
Government and municipal	25,575,999	11,814,683
Public Utility	23,532,492	19,916,589
Retail and Wholesale	14,953,343	2,773,529
Investment Trusts	14,606,106	6,564,955
Property	11,478,308	2,160,555
Building Trades	10,908,711	3,476,812
Breweries and Hotels	5,576,940	1,714,683
Plantations and Oil	5,288,845	1,322,055
Bank, Insce., Finance	5,073,130	3,029,509
Entertainment	4,532,805	1,345,646
	<u>322,359,950</u>	<u>152,352,901</u>

The above figures are, it should be noted, given in order of total borrowings. Variations in the amounts available for development purposes are not, of course, in the same order.

CENTRAL FINANCES IN 1935-36

The experiences of the Central and Provincial Governments in 1935-36 and the indications, which they contain, of the changes in the national economy have been briefly indicated in the preceding article of this *Year-Book*. It remains in this section to examine at length the national finances during the year. The Central Government have enjoyed a measure of prosperity, which they, obviously, did not hope for at the beginning of the year. It was hardly expected that in the budget statement for 1936-37, the Finance Member would have to confess that he had not been sufficiently optimistic in framing the estimates for 1935-36. The actual realisation in 1934-35 of a surplus of Rs. 495 lakhs instead of Rs. 327 lakhs originally anticipated and a surplus according to revised estimates of Rs. 245 lakhs for the year under review together with a surplus on the basis of present estimates of Rs. 205 lakhs for 1935-37 enable a more cheerful financial outlook.

It is useful to examine the nature of the deviations. Towards the end of 1934-35, it was anticipated that the year would end in a surplus of Rs. 3,27 lakhs. The actual figure has proved to be Rs. 168 lakhs in excess of revised forecasts. This is explained largely by an increase of Rs. 150 lakhs under customs and excise. Income tax has contributed Rs. 30 lakhs, Posts and Telegraphs Rs. 24 lakhs, currency and mint Rs. 19 lakhs. And it must be added that these are offset by a shortfall of Rs. 55 lakhs on salt. The shortfall is due to a postponement of clearances at the end of 1934-35. Under customs and excise there were increases both in imported and indigenous kerosene, improvement in the yield of export duties on jute and rice, an improved yield in matches and unusually high seasonal importation of cotton fabrics, raw cotton and machinery. Telephone receipts showed a spurt in the last quarter of the year and the rise in the profits on small coinage followed the increasing demand for this medium of payments. Though, obviously, all the

increases have not the same significance to the economic well-being of the nation, it may be generally conceded that the experiences of the central revenues confirm the impression, that one has often gained, that economic prosperity is far from being on the wane.

Sir James Grigg also submitted his proposals for the utilisation of this surplus : for, it had been decided that the surplus of Rs. 327 lakhs was to be devoted to various non-recurring objects including Rs. 1 crore for constituting a fund for the economic development and improvement of rural areas thus leaving, according to the estimates of the time, a free surplus of Rs. 13 lakhs. It was decided later to transfer the whole of the unallocated surplus to the rural development fund, so that in the light of what has now happened the transfers to the fund would amount to, not Rs. 113, but Rs. 281 lakhs. On account of this and similar adjustments there remains in the fund a balance of Rs. 173½ lakhs.

As for 1935-36, the revised forecast shows a surplus of Rs. 243 lakhs instead of Rs. 6 lakhs. Revenue shows an increase to the extent of Rs. 353 lakhs and this is offset to some extent by an increase in expenditure to the extent of Rs. 117 lakhs. More than half the increase in revenue is accounted for by the import duty on Sugar, as on this item alone the Government have realised Rs. 185 lakhs more than originally anticipated. The incometax is expected to yield Rs. 40 lakhs more than in the budget estimates. In customs, it may be noted, the Finance Member hopes to realise the same kind of excesses as were shown by the final results of 1934-35 over the revised forecast for that year. For, raw cotton, machinery, petrol, the export duty on Jute, excises on sugar and matches are all promising to yield substantial surpluses. In sugar, the original estimates have turned out to be too pessimistic ; for in spite of the failure of

the canecrop, the yield of the excise duty seems likely to exceed original expectations by Rs. 21 lakhs. Factory production on the basis of the progress of collections promises to amount to 600,000 tons from factories alone exclusive of Khand-sari production. The total anticipated excess of customs thus comes to Rs. 287 lakhs making with the Rs. 40 lakhs on incometax Rs. 327 lakhs. On interest account a decline of Rs. 13 lakhs is expected. Currency shows no serious change; but the mint may leave a surplus of Rs. 16 lakhs due to the greater absorption of small coin. Post and Telegraphs promises a betterment of Rs. 19 lakhs.

On the expenditure side, the Quetta earthquake is responsible for an increase of Rs. 41½ lakhs. On interest account, the revised estimates provide for Rs. 10,63 lakhs instead of Rs. 10,39 lakhs; and the increase is due to the final result of a large number of forces pulling in different directions. Currency and mint call for an increase in outlay by Rs. 10 lakhs, which, it is well to remember, is more than offset by the increase on the revenue side. In the Defence Budget, a number of variations account for an under-spending of Rs. 4 lakhs below the original estimate of Rs. 44,98 lakhs. Perhaps, the most welcome feature of the revised estimates is the conversion of the budgetted deficit of Rs. 13 lakhs on account of Posts and Telegraphs into a surplus of Rs. 6 lakhs. The increased sales of stamps and the growing popularity of trunk calls have contributed a great deal to the change, which is due, doubtless, in large measure, to the lower interest rates. The net result of the various changes in the original budget estimates is that 1935-36 is expected to close with a surplus of Rs. 242 lakhs.

Turning to the budget year 1936-37, the total revenue is placed at Rs. 8,735 lakhs, an improvement of Rs. 83 lakhs over the revised estimate for 1935-36. Of this, as much as Rs. 5,482 lakhs is expected to be realised from customs. A deterioration of Rs. 160 lakhs has been allowed under the import duty on sugar, though an alround improvement of Rs. 171 lakhs under other heads is expected at the same time. The realisations on account of the import duty on sugar are calculated to cause a certain amount of concern in the public mind regarding the future of the Indian Sugar Industry. It is, therefore, necessary to note that in the budget estimates for 1936-

37 the Government expect to derive Rs. 2 crores from the import duty.

The Finance Member hopes to realise from income tax an amount of Rs. 17,60 lakhs which is Rs. 80 lakhs in excess of the revised estimate of the current year; and currency receipts are put at Rs. 81 lakhs, which includes an amount of Rs. 65 lakhs as the Government's share of the profits from the Reserve Bank on a full year's working.

The total figure for expenditure is placed at Rs. 85,30 lakhs at which it is Rs. 120 lakhs over the revised estimate. Interest payments account for a reduction on Rs. 1½ crores; but taking into account account the changes in accounting procedure regarding the the Indian Military Service and the Indian Civil Service Family Pension Funds the actual improvement under interest heads is over Rs. 2 crores. The subventions to the new provinces of Sind and Orissa account for Rs. 108 lakhs and Rs. 50 lakhs respectively. An increase of Rs. 64 lakhs is provided for under civil administration; and of this amount Rs. 18 lakhs is to be devoted to two public health schemes in Delhi, Rs. 4 lakhs to the Delhi Broadcasting Station and Rs. 5 lakhs to civil aviation. Provision is also made for the restoration of the cut in the pay for the full 12 months of the year instead of eleven in the figures for 1935-36. The Army budget stands at Rs. 45,45 lakhs but taking into account the changes in regard to certain funds, the comparable figures for the two years according to Sir James are Rs. 44,64 and Rs. 44,85 lakhs. Of the real increase of Rs. 21 lakhs, Rs. 20 lakhs represent an increased provision for Ordnance Stores. The sum of Rs. 40 lakhs is provided for extraordinary payments on account of the reconstruction of the most urgently required civil buildings in Quetta. It may be noted in passing that the cost to Government of the Quetta disaster up to the stage of beginning reconstruction came to almost exactly a crore. The Posts and Telegraphs are estimated to leave a net surplus of Rs. 15 lakhs. The net result is that with a revenue of Rs. 87,35 lakhs and an expenditure of Rs. 85,30 lakhs, 1936-37 is expected to end in a surplus of Rs. 205 lakhs.

The utilisation of this surplus is as below:—

From the surplus for the year 1934-35 and from the balance of Rs. 137½ lakhs available Rs. 30 lakhs have been allotted for agricultural research, especially for sugar-cane research and

investigations in connection with the dairying side of animal husbandry ; Rs. 10 lakhs grant for the Indian Research Fund Association for work on prevention and cure of Malaria. Rs. 5 lakhs for assistance to cottage and small-scale wool-len industries; Rs. 20 lakhs to broadcasting for capital expenditure. The remaining Rs. 108½ lakhs will be spent on other schemes of rural development through the agency of provincial governments but reports on the schemes which are already in progress will first be examined to see if any alterations in the last year's conditions are necessary.

From the surplus of Rs. 242 lakhs for 1935-36, it is proposed to allot Rs. 45 lakhs to the fund for providing initial building equipments of the Capitals of the new provinces of Sind and

Orissa, giving 17½ lakhs to Sind and Rs. 27½ lakhs to Orissa. The remaining Rs. 187 lakhs is to be credited to the revenue reserve fund for assisting the Central Budget in the first year of Provincial Autonomy when separation of Burma will cost Rs. 2½ crores and Provincial autonomy may cost something like Rs. 23 crores.

From the surplus of Rs. 205 lakhs for 1936-37 it is proposed to utilise first the abolition of taxes on incomes between Rs. 1,000 and 2,000 and reduction of the present surcharge on income-tax and super-tax from one sixth to one twelfth costing Rs. 185 lakhs and secondly, to allow increase in the weight of the one-anna letter from half to one tola and adoption of the scale of additional half anna for every additional tola costing Rs. 13 lakhs.

(Continued from page 8)

ed. It is difficult to foresee the pace and extent of these repatriations, which depend upon a number of political, economic, financial and psychological considerations. Conceivably, repatriations will assume such dimensions as to force British authorities to allow sterling to depreciate. This is all the more probable as a large proportion of the gold acquired by the Exchange Equalisation Account is no longer available for the defence of sterling if and when the tide should turn. Owing to the expansion of the Note Issue a large part of the gold had to be added to the Bank of England's resources. The chances are, therefore, that in case of a strong adverse pressure the extent of the resistance to be put up by the Exchange Equalisation Account will be limited. It is safe to take it for granted that, should sterling be allowed to depreciate, most of the currencies of the Sterling Bloc would follow it. It is also highly probable that should its depreciation exceed certain proportions, the United States would decide to devalue the dollar once more. Quite conceivably, this might lead to further devaluations, though this would not necessarily be the case.

Should France suspend the Gold Stand-

ard and allow the franc to fluctuate, the immediate effect would be an intensification of the flight of capital. There would be a brief period of currency chaos similar to the periods that followed the suspension of the Gold Standard in Great Britain and in the United States. How the various currencies would be affected in such circumstances depends to a large degree upon the policy and tactics pursued by their respective authorities. On the whole, it is safe to conclude that in that case sterling and most other currencies would depreciate further in terms of gold.

The same conclusion holds good also if France and other countries should decide to join the Sterling Bloc. In that case, they would be at liberty to choose their own exchange rate in relation to sterling, and it is possible that the rates chosen would be unfavourable to British trade. In such circumstances, the only possible way of defending the interest of trade would be to allow sterling to depreciate further in terms of gold. Amidst the world-wide rise in commodity prices that would follow, it might be possible to maintain prices in Great Britain at a reasonable degree of equilibrium with world prices.

PROVINCIAL FINANCES IN 1935-36

It is, in the nature of things, impossible to generalise about the state of the finances of the provinces. For the provinces, as is well-known, approximate in size and in the variety of their resources to the various nations of modern Europe ; and economic changes do not affect all the provinces in the same way and to the same extent. But, generally speaking, the period of stress and strain is ended. It is true that in the budgets outlined in February-March last, deficits figure to a distressing degree. But they are of a nature, which calls for a readjustment of the finances, and have not much in common with the deficits of the depression period. Finance Members at that time were entitled to believe that the short fall in revenue was an essentially temporary phenomenon and that there was no obligation on their part to do more than effect certain increases in taxation and cuts in expenditure and that the deficits which remained should be endured. Such a claim in March 1936 would be a grave reflection on the intelligence and integrity of the Finance Member concerned. For the norm of the post-depression period is well-nigh reached ; and the adjustments that are necessary to balance the budget or produce the revenue for expenditure urgently needed cannot reasonably be postponed in a spirit of wait-and-see. It need hardly be said that the continuance of deficits after the recovery has been with us for three years would indicate an inexcusable fatalism. It would have been well if the Provincial governments had regarded their tasks in this light. While they have no illusions about a natural expansion of their customary sources of revenue, they have not, all of them, grappled with the problem of the deficit. They have found a comfortable way out by stressing the urgency of revising the financial relations between the Centre and the Provinces. In the last few months of 1935-36, Sir Otto Niemeyer was engaged in his task of making recommendations to His Majesty's Government regarding the date of inauguration of provincial autonomy, the allocation of percentage of income tax to the provinces, subven-

tions to new provinces and reliefs to the deficit provinces. The provincial budgets were formed with the full knowledge that Sir Otto was far from likely to turn down the demands of the deficit provinces. In fact, the recommendations of Sir Otto were published soon after the budgets were released. The finances of the provinces, therefore, cannot be understood merely by a perusal of the budget statement for 1936-37. And to gauge the financial outlook it is necessary to understand what each province has been awarded or deprived of by Sir Otto Niemeyer. Without going into the merits of the Niemeyer Award, it is unfortunate that it has in effect set a premium on extravagance and penalised prudence. The only advantage is that the number of deficit provinces will be very considerably reduced.

In a circumscribed view, which precludes a consideration of the margin of taxable capacity, potentialities of revenue expansion and pace of popular progress, Madras leads among the provinces of India by reason of its adherence to sound principles of finance and the avoidance, to the utmost extent possible, of revenue deficits. The budget for 1936-37, which was presented by Mr. C. T. H. Bracken, was formulated in the best traditions of the Finance Department of the province. Madras has good reasons to feel satisfied that she has come through the worst of the depression with no serious injury to the soundness of her finance. Of the three years usually dealt with in a budget statement, 1934-35 has left a surplus of Rs. 11 lakhs, while the current year is expected to close with a revenue deficit of Rs. 32 lakhs on the basis that Orissa is part of Madras and a deficit of Rs. 10 lakhs on the basis of the separation. For the year 1936-37 Mr. Bracken has produced a budget nicely balanced at Rs. 16.40 crores. Originally 1934-35 was expected to leave a deficit of Rs. 19 lakhs ; but actually it turned into a surplus of Rs. 11 lakhs, owing to the fact that revenue fared some what better than expected and, at the same time, the spending departments had proved

to have been very optimistic in their programme of expenditure.

As for 1935-36, one of the notable developments is the reduction in the Famine Relief Fund by Rs. 44 lakhs owing to the expenditure on the famine in Bellary and Anantapur. It is a matter for gratification that, in spite of the vagaries of the weather being widespread over all parts of the Presidency, there was nothing like a general famine. In the revised estimates land revenue is expected to fall by Rs. 13 lakhs, excise by Rs. 16 lakhs and stamps by Rs. 30 lakhs. Mr. Bracken has aptly pointed out that, though commodity prices have been on the increase, the Agricultural population has been so hard hit in the previous years of the depression, that some time is needed for recuperation and, therefore, the land revenue concessions should be continued for the current fasli. As against the decline referred to above, the Hydro-Electric Works are responsible for an increase in revenue over the original expenditure. The progress of expenditure during the year has been normal though, an additional sum of Rs. 4 lakhs has been provided for elementary education. The net result is a deficit of about Rs. 32 lakhs. As pointed out already, according to the estimates prepared on the basis of Madras with Orissa separated from it, the deficit for Madras for the current year should be put at only Rs. 10 lakhs.

As regards the year 1936-37, the separation of a deficit area like Ganjam and Vizagapatam means a financial gain to the extent of Rs. 20 lakhs to the parent province, and this has enabled an outlay on Part II schemes which would otherwise have been very small and totally inadequate. In framing the estimates for the budget year, Mr. Bracken has characterised his general attitude as one of "hesitant hope." The hopefulness is due to the general improvement of commodity prices which began in 1934 and has continued in 1935. The revenue estimates hardly call for any comment as they have been calculated on the basis of a normal monsoon with an increase in the Cauvery Mettur Project. Owing to the measures that have been taken for agricultural indebtedness and debt conciliation, the Government have framed their estimates on the assumption that there will be a decrease in litigation and a consequent loss of revenue on that account. Likewise, on the expenditure side the standing commitments call for no special comment; and Madras like other provinces has provided for the expenditure connected with the next elections. What is important to note is that after providing for

standing commitments, the sum that is available for Part II expenditure is Rs. 35 lakhs.

Turning to capital and debt payments, the productive expenditure in the next financial year, it is necessary to note, will be financed entirely from loans. The hydro-electric schemes are sought to be speeded up, as may be seen from the fact that in 1934-35 the expenditure was only Rs. 23 lakhs and in 1935-36 Rs. 53 lakhs, while for 1936-37 the Government are budgetting an expenditure of over Rs. 1 crore. Provision has also been made for Rs. 20 lakhs for the relief of rural indebtedness, and the Government have promised that, in the event of this amount being found inadequate, more money will be provided.

BOMBAY.

The Bombay Budget for 1936-37 is framed to leave a small balance on the right side of Rs. 41,000. Bombay's finances have gone through serious vicissitudes not only on account of the depression but also on account of other causes which are not common to the rest of India. The deficits of 1935-36 and the year previous have been avoided in 1936-37 thanks mainly to the relief to the extent of Rs. 92 lakhs which Bombay has gained owing to the separation of Sind and its constitution into a new province.

The Budget estimates for 1936-37 are as below.

Revenue	...	Rs.	12,03,58,000
Expenditure	...	„	12,03,17,000
Surplus	...	Rs.	41,000

A scrutiny of the various items of the Budget will show that real expansion will come in only with the receipt of Bombay's share of the income-tax as fixed by Sir Otto Niemeyer.

BENGAL.

The Bengal Budget affords an arresting illustration of our remarks at the beginning of this section on the attitude of provincial finance members to the publication, then imminent of the Niemeyer report. The allotment of half the jute export duty, on which a further increase of 12½ per cent. has now been recommended by Sir Otto had already wrought a great change on Bengal's finances. Thanks to it, it may be said that in comparison with the unrelieved gloom of years, the three years which formed the period of review in the last budget state-

ment present a highly heartening picture. For one thing, 1934-35 did not end with the deficit of Rs. 209 lakhs and an addition of Rs. 194 lakhs to be overdrawn with the Government of India which were apprehended at the time the budget estimates for the year were framed. This turn in Bengal's financial fortunes is due to an increase in revenue receipts to the extent of Rs. 183½ lakhs, of which by far the larger part of 158½ lakhs was due to the assignment to Bengal of half the Jute Export duty. There was also at the same time a decrease in expenditure over estimates amounting to Rs. 20½ lakhs. The result was a revenue deficit of only Rs. 5½ lakhs instead of Rs. 2,09 lakhs which the province had every reason to fear at the start.

As for 1935-36, revenue receipts were placed in the budget estimates at Rs. 11.02½ crores. The revised estimates show an improvement of Rs. 40½ lakhs, of which Rs. 15 lakhs is due to an increase in the receipts on account of the Jute Export duty, Rs. 11½ lakhs in land revenue, about Rs. 3½ lakhs from the scheduled taxes passed during the course of the year. The capital account also shows an increase of Rs. 10 lakhs in "Advances from the Provincial Loans Fund" and Rs. 16 lakhs in the shape of a grant from the Central Government for the economic development and improvement of rural areas. Taking revenue and capital receipts together, the revised estimates provide for a total revenue of Rs. 12 crores 28½ lakhs. The total expenditure will be Rs. 12 crores 33½ lakhs. The excess of expenditure over revenue in the Revenue account is Rs. 15½ lakhs; and utilising the surplus of Rs. 10½ lakhs on capital account, 1935-36 is expected to end in a deficit of Rs. 5 lakhs which will be met out of the opening balance.

The revenue deficit of Rs. 5½ lakhs in 1934-35 and of Rs. 15½ lakhs in 1935-36 might encourage the hope that Bengal has left behind the period of big-sized deficits; but such hopes have been belied by Sir John whose estimates for 1936-37 provide for a deficit of nearly Rs. 52 lakhs. The receipts on revenue account according to the budget estimates for 1936-37 follow closely the revised estimates for last year; and the only two heads which exhibit marked departure from the revenues are "civil works" and "miscellaneous." The former account for an increase of Rs. 8½ lakhs on capital account. There is a provision for a loan of Rs. 18 lakhs for the commuted value of pensions. Exclusive of the advance to be taken to cover the year's deficit, the

estimate of the total receipts on revenue and capital account stands at Rs. 12 crores 48.25 lakhs.

On the expenditure side the estimates provide for an expenditure on revenue account of Rs. 11 crores 90.75 lakhs. The increase of Rs. 32½ lakhs over the revised estimate of the current year is explained by a number of items of new expenditure which altogether account for Rs. 34.71 lakhs. On capital account there is a provision of Rs. 8.12 lakhs on account of the Damodar Canal system, which, according to the revised estimate for repairing and reconditioning the weir, would cost Rs. 12.98 lakhs. Another notable item on this side of the budget is Rs. 10 lakhs for Loans to Agriculturists and Rs. 8½ lakhs for loans to local authorities. Thus taking the Revenue and Capital account together, but exclusive of the advance to be taken to cover the deficit, the estimate of receipts stands at Rs. 12 crores 48.25 lakhs and that of expenditure at Rs. 13 crores, thus leaving a deficit of Rs. 51.75 lakhs. Of this deficit Rs. 12½ lakhs will be met out of the opening balance and Rs. 39 lakhs will be covered by an overdraft from the Government of India.

To appreciate the change in Bengal's financial position, it is necessary to see this year's budget in the setting of a retrospect. 1929-30 was the last year in which there was a fair revenue surplus amounting to Rs. 2½ lakhs; and the year closed with a free balance exclusive of the balance in the Famine Insurance Fund of Rs. 182 lakhs. In the year following, the revenue receipts fell by Rs. 170 lakhs. The year 1931-32 witnessed a further contraction in revenue to the extent of Rs. 65 lakhs; and in spite of a fall in expenditure of Rs. 40 lakhs as compared with 1930-31, the revenue deficit amounted to nearly Rs. 2 crores. During 1932-33 and 1933-34, the province should have worst fared for worse than it did but for a fall in the former year under "Stamps" in the shape of probate duties. But apart from this, revenue showed further decline. If the abnormal factors are left out of account the revenue receipts in 1933-34 were nearly Rs. 2 crores below the level of 1929-30. On the other side of the account, the expenditure during these years was considerably lower than in 1929-30. It reached its lowest point in 1932-33 when it was Rs. 73 lakhs below the figure of 1930-31; and in the following year the increases were of a purely necessary and unavoidable kind. The net result is that, while at the beginning of the period the province possessed a free balance of

Rs. 182 crores, at the end the free balance had entirely disappeared and, in addition to a liability of Rs. 38½ lakhs to the Road fund and Motor Vehicles Taxes Fund, the deficit debt amounted to Rs. 4½ crores.

PUNJAB

The Punjab is another of the numerous provinces which have to face a deficit budget for 1936-37. Even the revised estimates for 1935-36 have shown, a revenue deficit of Rs. 6½ lakhs, instead of a surplus of Rs. 56,000 budgeted for. Land revenue stamps and civil works "let us down" to the extent of Rs. 30 lakhs, but Forests, Agriculture, Irrigation, Land and Hydro-electric schemes made up in part, leaving the total revenue income, for 1935-36 at Rs. 15.2 lakhs worse than the Budget estimate.

The estimates for 1936-37 show a deficit of Rs. 16,38,000, revenue receipts being Rs. 10,44,20,000 and revenue expenditure Rs. 10,60,58,000, which are respectively 20 and 16 lakhs more than the corresponding revised estimates for 1935-36. If the extraordinary receipts of Rs. 36,17,000, which represent the sale proceeds of Crown lands and the capital expenditure met from these receipts of Rs. 17,27,000 is taken into account, the Budget estimates show a surplus of two and a half lakhs.

Referring to expenditure estimates, which were Rs. 18½ lakhs above the decennial

average, Sir Donald Boyd said that, apart from general factors, the particular factors which had swollen the expenditure, were the holding of the elections to the future Legislature, which cost Rs. 5½ lakhs, of which Rs. 4,81,000 would be spent in 1936-37, and the communal situation.

Sir Donald Boyd admitted that the increase in expenditure was disturbing. While assuring, that no means of economy would be overlooked, he proposed to have the increases fully analysed at leisure. Referring to the future financial prospects, the Finance Member stated that the adverse factors included the loss when Provincial Autonomy commenced of the fixed assignment of Rs. 697 lakhs granted to the Province by the Government of India in respect of excise on liquors distilled in the Punjab and consumed in N. W. F. and Delhi Provinces, the threatened stoppage of export of charas from Yarkand under orders of that Government, by which the Punjab stood to lose Rs. 11 lakhs per annum and the anticipated recurring increase in expenditure of Rs. 4 lakhs owing to the new system of Government. On the brighter side were the share they were likely to receive from the surplus income-tax from the Federal Government and the growing returns from the Hydro-Electric Project and increase of revenue from the Haveli Irrigation scheme.

A BIRD'S EYE VIEW OF PROVINCIAL ECONOMY

In the following articles, an attempt is made to give a bird's eye view of the economic life of each province in India. Our aim is to encourage the habit of taking a comprehensive view of the economy of each province. Such a habit is not merely desirable for its own sake ; it is of great national

importance at a time like the present, since, with the inauguration of provincial economy, each Provincial Government will be called upon to apply itself to economic reconstruction, and the people of each province will have to be prepared to help it intelligently with their judgment and opinion.

BENGAL

Bengal is the most highly populated province in India. The population in 1931 was 50.1 million, which is very nearly one-sixth of that of India as a whole. Amongst the major provinces of India, it is the most densely populated also. While the population for 100 acres of sown area for British India is only 119, in Bengal it comes to as much as 213. The growth of population by 38 per cent. in the Province during the last fifty years, however, is the same as that for the rest of India during the same period.

Production of raw materials forms the principal occupation of the people of India. The following figures would be of help in making a comparative study of the occupation of the people in Bengal with that of India.

DISTRIBUTION OF WORKERS IN 1931

(Earners and dependents of both sexes)

	In Bengal %	In India %
1. Exploitation of animals and vegetation ...	68.84	67.11
2. Exploitation of minerals ...	0.29	0.23
3. Industry ...	8.80	9.97
4. Transport ...	1.93	1.53
5. Trade ...	6.43	5.15
6. Public Force ...	0.41	0.55
7. Public Administration ...	0.35	0.64
8. Professions and Liberal Arts ...	1.95	1.50
9. Persons living on their income ...	0.17	0.14
10. Domestic Services ...	5.53	7.08
11. Insufficiently described occupation ...	4.82	5.05
12. Unproductive ...	1.43	1.05

The percentage of people living by the production of raw materials is higher in

Bengal than the all-India figure. Transport, trade, professions and liberal arts and persons living on their income, all claim a higher percentage in Bengal than of India as a whole. The percentages in Bengal are less than those of India, in industry, public force, public administration and domestic service.

Agriculture is the main avocation of the people in Bengal as elsewhere in India. Although the sown area is only 28.7 million acres which is roughly about one-ninth of the net sown area in British India, the land being exceptionally fertile, the agricultural industry of Bengal is second to that of no other province in India. Of the 28.7 million acres, rice is cultivated in as much as 22.1 million acres, other food grains and pulse are grown on 1.1 million acres, jute is grown on 1.6 million acres, oil seeds on 1.1 million acres and the various other crops such as cotton, tea, spices, tobacco, fodder etc., on the remaining 2.8 million acres. The acreage under rice cultivation in Bengal is not only the largest in India but also in the whole world. Even Italy, which comes after India, in regard to acreage under rice cultivation in India itself, amounts to 27 per cent. Bengal contributed in 1933-34, 8,646,000 tons of rice out of the total Indian production of 30,353,100 tons. The huge production of rice in Bengal is rendered possible by the physical condition of the province such as the abundant supply of water whether by means of annual floods or good rainfall, and also by the direct dependence of the population on it for their very food.

After rice, jute which is the monopoly of India, is the most important crop of Bengal. Unlike rice, which is produced all over Bengal, jute production is mainly concentrated in six districts—Mymensingh, Tippera, Dacca, Rangpur, Faridpur and Patna. The total area under jute in 1931-32 in India was 1,845,216 acres. Of this Bengal itself contributed 1,596,700 acres. The rest was divided between Assam and Bihar and Orissa. Indian production of jute in 1931, 1932, and 1933 was 5.6 million, 7.1 million and 7.93 million bales, respectively. The world depression has hit the Bengal agriculturist hard. The price of jute has fallen by nearly 60 per cent. and rice by 50 per cent. of the pre-depression prices. On the whole, it would be no exaggeration to state that the income of the agriculturist has fallen to between 40 and 50 per cent. of what it was in 1929-30.

The fall in the agricultural prices has told heavily on the agriculturists who form the major portion of the population. The agricultural indebtedness of Bengal was estimated at Rs. 100 crores by the Central Banking Enquiry Committee. On account of the ruinous fall in the price of agricultural produce, the indebtedness must at least be double now. Tenants and Zemindars have been put to great difficulty in ever adequately meeting their rental charges to the Government. The co-operative movement has been doing something in its usual way to help the agriculturists but as would seem from the foregoing brief account, by itself it cannot do anything appreciable to lighten the burden of indebtedness. In February 1934, the Bengal Board of Economic Enquiry was constituted with a view to study the economic problems of the province with special reference to the rural problem and advise the Government of the measures that should be adopted. The first year of its existence has been spent in making a study of the rural conditions of the province. The Board has also drafted a bill to conciliate and adjust the debts of the rural area by arbitration tribunals. Unless the Board studies the rural problem of the provinces intensively and is in continuous existence for a number of years it cannot do anything substantial.

The Co-operative movement in this province, as elsewhere in India, has so long been an agricultural credit movement. Since the agriculturist in the country is simply notorious for being born in debt, wallowing in debt and dying in debt, no wonder attention has been focussed on the

credit aspect of the movement to the detriment of the other aspects of co-operation. Though the six years of world depression has affected the agricultural credit societies in this Province as in other provinces, the co-operative movement has not unduly suffered. Amongst the major provinces in India, Bengal has the largest number of co-operative societies, after Punjab. While the number of societies per 100,000 inhabitants in 1932-33 was 32.9 for all-India, in Punjab and Bengal it amounted to 89.3 and 47.2. The total working capital of the co-operative societies in Bengal in 1932-33 was Rs. 17 crores and 10 lakhs. In regard to this, however, Bengal occupies the third place in India, after Punjab and Madras.

The co-operative credit societies in Bengal, as in other parts of India, cater only to the short-term credit needs of the agriculturists. The supply of long-term credit is beyond the means of these societies as their funds are mainly obtained from fixed deposits of one or two years and current deposits. For effecting improvements in land, purchase of lands, cattle etc., these societies are of very little help to the agriculturists. For such purposes land mortgage banks capable of supplying credit for periods ranging from 5 to 15 or even 20 years are necessary. The co-operative land mortgage banks were first started in India only as recently as 1920. While the land mortgage banking has made some appreciable headway in Madras, its progress in other provinces, especially in Bengal, is negligible. In 1934, however, five land mortgage banks have been organised with a working capital of Rs. 2½ lakhs.

The non-credit co-operative movement in India has been showing some signs of animation only during the last few years. Those which are absolutely peculiar to the Province may be briefly noticed here. The anti-Malarial and Public Health societies are the most important of the non-credit co-operative societies of Bengal. When it is remembered that Malaria is one of the severest curses of Bengal, that out of 86,618 villages in Bengal at least 60,000 are afflicted with the scourge and that it is responsible for the death of 3½ lakhs of people annually, the imperative need and importance of these societies would become immediately apparent. Two of these societies were originally started in 1917 and in 1932-33 they numbered 927 and had a membership of 18,720. Though these societies have as yet not progressed in any magnificent manner, as pointed out by Dr. C. A. Burtly before the Agricultural Commission, they,

however, appear to have succeeded "in awakening Bengal villages to the necessity and possibility of improving the health of their villages by their own efforts." The rural societies are all federated into the Central Co-operative Malarial Society situated at Calcutta. These societies certainly deserve to be encouraged and to be increased in larger numbers.

When dealing with the development of co-operative movement in India, the Indian Year Book of 1934 started about the milk societies that "one of the notable contributions of Bengal to the co-operative movement is the immense organisation built up on the co-operative sale and supply of milk." The unit of organisation is the rural society covering a village and having as its members only *bona-fide* milk producers. The Central organisation with which the rural milk societies in the Presidency Division are federated is the Calcutta Milk Societies' Union. This Union handled last year 115 maunds of milk a day on an average and sold Rs. 4½ lakhs worth of milk.

Bengal is backward in regard to industrialisation in India only in comparison with Bombay. This inferiority is undoubtedly due to the greater attachment that the people of the Province have for investments in land. Of late, Bengal has been showing signs of being industrialised at a faster rate than before. Amongst the industries of the Province, the jute industry naturally occupies the pre-eminent position. The history of the industry up to the year 1925-26 has been practically one of continuous progress in respect of number of mills, looms and output. The number of mills has increased from 60 in 1900 to 92 in 1933-34. The looms have risen in the same period from 15,000 to 60,000. The Indian Jute mills consume nearly half the jute goods in India. The demand for jute and its manufactures both in India and abroad has fallen very considerably during the last four years owing to the depression in world trade. In order to keep the equilibrium between the restricted demand for jute all over the world and its huge supply, the Bengal Government have started an intensive propaganda for the voluntary restriction of jute crop. As the jute industry of India, which is practically synonymous with the jute industry of Bengal, is dealt elsewhere in detail, it is unnecessary to dwell on it at greater length here.

The cotton mill industry of Bengal which comes next in order of importance is of more recent growth. There are now 22 cotton

mills in existence having about 5,000 looms in all.

The quantity of piecegoods produced in the Province now is nearly ten times what it was twenty years back. Though the achievement is by no means negligible, there is plenty of room for further development. On the basis of 14.17 yards *per capita* consumption in India, Bengal's demand for piecegoods amount to 730 million yds. The mills in Bengal are able to supply only about one-seventh of this demand, the rest being met from the supply of other provinces and foreign countries. The scope for development in the Province is, therefore, about six-fold.

The other major industries of the Province are coal mining, tea, sugar, paper and iron and steel industry. The coal mines of Bengal contribute one-fourth of the total Indian coal production. In 1931, Bengal's output was 5.8 million tons out of 20.7 millions in India. Raneegunge is the most important coalfield of Bengal. The welfare of this industry is of great importance to this Province. The tea industry of Bengal has absorbed a large amount of capital and is concentrated in Jalpaiguri and Chittagong. This industry engages on an average 200,000 people. As regards the sugar industry though it has made rapid progress elsewhere in India under the aegis of protection, in Bengal its development has been very poor. This is really a matter for surprise when the soil and climate which are very favourable for the cultivation of sugarcane are taken into account. The estimated production in Bengal in 1934-35 is 11,000 tons, whereas the demand is approximately 130,000 tons. When the various natural advantages which Bengal enjoys in regard to this industry by way of favourable soil, cheap labour price, advantage in railway freight as compared with sugar from other provinces are considered, it is apparent that the industry has a great future when it begins to be developed in right earnest. In regard to the paper industry, Bengal stands supreme in India. There are three well-equipped and large paper mills in the Province. The paper production of Bengal in 1931 was 35,000 tons out of the total Indian production of 40,000 tons. A big factory for the manufacture of steel castings, scrap, etc., is being constructed at Belur a few miles from Calcutta. The factory will commence to work within a few months from now.

Apart from these large-scale industries, there are the medium size industries and the small-scale industries providing employment for many in the Province as well as occupy-

ing an important position in the economic structure of the Province. Some of the medium-sized industries are chemicals, toilettes and soaps, electric fans, electric bulbs, paint, varnish, glass, match, shoe-making, hosiery, flour mills, oil mills, rice mills etc. All these have shown considerable expansion during the last few years. The small-scale or cottage industries are those which have been carried on from time immemorial in the villages. They form a vital part in the economic structure in that they provide alternate sources of employment to millions of under-employed agriculturists.

Handloom weaving is the most important cottage industry and is widely spread throughout the Province. It is true that the world famous muslin weavers of Dacca are all dead and gone and the very cotton with which they wove their fine webs are grown no more and is probably even extinct. And yet, even to-day their descendents are carrying on against great odds, if not the weaving of muslins, at least the manufacture of some fine hand-woven cloth. Though no statistics are available as to the total output and the price realised of these handloom products, both must be very appreciable. It is a matter for congratulation that the Government of India should have realised the importance of the handloom industry for India and undertaken to provide five lakhs of rupees for that purpose annually. Bengal is given a grant of Rs. 35,000 for the current year and Rs. 80,000 from the next year. The brass and bell metal industry of Bengal is the next most important cottage industry of the Province and the value of the products annually produced amounts to several lakhs of rupees. Amongst the other cottage industries, the more important ones are cutlery, pottery, fishing, silk weaving and rearing, mat and coir making, ceramics, toy making, button making etc. The cottage industries of Bengal have recently been given a fillip by the keen interest shown by the Department of Industries in Bengal which has undertaken the resuscitation of several industries and have been also training many *bhadrolak* young men into such industries. The rural industry all over India are also likely to see better days, because two forces, the Government as well as that of the Indian National Congress, are now definitely getting to be ranged on its side. The Congress has started the All-India Village Industries Association under the guidance of that dynamic personality, Mahatma Gandhi, in order to preserve and foster the cottage industries. The Government of India have also set apart

one crore of rupees for distribution to the various provinces for the development of their village industries.

The joint stock enterprise has made more headway in the Province than elsewhere in India. In regard to the total number of joint stock companies, Bengal is responsible for nearly half of that existing in India. Although the total amount of paid-up capital invested in these companies in Bengal is slightly larger than that of Bombay, the Companies in the latter province have a far more substantial basis. In 1930-31, out of 7,328 joint stock companies in India, Bengal had 3,652 and Bombay 959. In the same year out of the total paid-up capital of Rs. 283 crores in India, Bengal contributed Rs. 112 crores and Bombay Rs. 98 crores. The average capital of a company in that year was Rs. 10,19,000 for Bombay while for Bengal it was only Rs. 3,06,000. The number of joint stock companies in Bengal in 1933-34 was 4,680 and their paid-up capital amounted to Rs. 133 crores. In her investments and paid-up capital, Bengal comes third only in regard to joint stock banks, after Bombay and Madras. In regard to insurance railways and tramways and mills and presses Bengal's invested capital is second only to that of Bombay in India. In loan offices, tea and coal, her joint stock enterprises are the most important in India from the point of view of capital invested. The loan offices of Bengal are companies doing banking business mainly in the rural parts of Bengal. These companies were originally started sometime in 1850 about the time the Nidhis of Madras were started. The development of the loan offices and the Nidhis are to a certain extent parallel. The main difference between the two in their method of business is that while the former approximates more to commercial land mortgage banks, the latter more to commercial joint-stock banks. The working capital of these loan offices amounting to about Rs. 9 crores are very largely locked up in landed properties.

Bengal's share of the foreign trade of India range between 25 and 30 per cent. The following figures show the contribution of Bengal towards India's foreign trade.

IMPORTS OF MERCHANDISE

(Lakhs of Rupees)

	1933-34	1934-35	1935-36
Bengal	82.88	86.15	88.68
India	115.86	132.29	134.89

EXPORTS OF MERCHANDISE

(Lakhs of Rupees)

	1933-34	1934-35	1935-36
Bengal ...	63.69	62.72	66.36
India ...	150.67	155.22	164.25

In regard to the total exports, Bengal comes second amongst the provinces giving the pride of the first place to Bombay. In regard to total imports, however, the table is reversed.

The chief imports are cotton piecegoods, metals and ores, machinery and millware, sugar, mineral oils, hardware, spices, motor cars, provisions, paper, tobacco, paper-making materials, liquor, chemicals, salt. Similarly, the important exports are jute manufactures, jute raw, tea, shellac, hides and skins raw, metals and ores, oil-seeds and rice. The following figures give the more important imports into and exports from Bengal during the last three years.

IMPORTS INTO BENGAL

(Lakhs of Rupees)

	1933-34	1934-35	1935-36
Cotton piecegoods ...	3.22	4.71	4.49
Metals & Ores ...	3.36	4.18	4.91
Machinery & Millwork ...	5.16	4.65	5.94
Sugar ...	31	25	20
Mineral oils ...	1.82	1.56	1.20

EXPORTS FOR BENGAL

(Lakhs of Rupees)

	1933-34	1934-35	1935-36
Jute Manufactures ...	21.07	21.20	23.22
Jute Raw ...	10.87	10.86	13.57
Tea ...	15.81	15.86	15.40
Shellac ...	1.94	2.67	1.04
Hides & Skins raw ...	2.11	1.23	1.65
Seeds ...	2.12	1.30	1.22
Rice (not in the husk)	95	92	88

Bengal imports, normally, one fourth of the piecegoods imported by India, one third of metals and ores and 40 per cent. of the Indian imports of machinery and millwork and sugar. Between 25 and 35 per cent. of the Indian imports of mineral oil is also imported by Bengal. So far as exports are concerned, practically the entire Indian exports of jute manufactures, jute raw and shellac are from Bengal. Excluding Burma, Bengal exports the largest amount of rice amongst the provinces of India. 70 to 80 per cent. of tea and about two-thirds of the hides and skins raw, exported from India are also from Bengal.

BOMBAY

Even Bombay, the premier industrial province of India, has agriculture as its principal industry. 65.9 per cent. of the total earners and working dependents follow agriculture as their main avocation. The following figures show the occupational distribution of people in Bombay and in India in 1931.

	Bombay	India
1. Exploitation of animals and Vegetation ...	65.9	67.11
2. Exploitation of Minerals ...	0.1	0.23
3. Industry ...	11.9	9.97
4. Transport ...	2.3	1.53
5. Trade ...	5.3	1.53
6. Public Finance ...	0.7	5.15
7. Public Administration ...	1.6	0.55
8. Professions and Liberal Arts ...	1.7	1.50
9. Persons living on their income ...	0.3	0.14
10. Domestic Service ...	2.1	7.08
11. Insufficiently described occupation ...	5.9	5.05
12. Unproductive. occupation ...	2.2	1.05

The figures reveal that, when Bombay is spoken of as the industrialised province of India, it has to be taken as being so only

very relatively. Those living by exploitation of animals, vegetation and minerals are a little less than in India as a whole. Industry, transport and trade especially have a better following in the Presidency. Wherever there is a good demand for labour from industries the people seldom show any preference for domestic service. Probably this accounts for only 2.1 per cent. of the people in India as a whole. The prosperity of the province in comparison with the rest of India is also shown by the fact that, while the persons living on their income are only 0.14 per cent. in India, in Bombay Presidency alone they number 0.30 per cent., which is double the all-India figure.

In 1931-32 the total area sown in the Presidency was 34 million acres. Bombay's total sown area comes third in rank amongst the provinces of India after the United Provinces and Madras. Out of the 34 million acres in the Presidency, rice occupies 3 million acres, wheat 2 million acres, jowar (cholam or the great millet) 8 million acres, Bajra (cumbu or the spiked millet) 5 million acres, gram 1 million acres and

other food grains 3 million acres. In the total output of jowar and bajra, Bombay takes the lead in India. Of the other chief crops, cotton and fodder crops are the most prominent ones. The former is grown on 4 million acres and the latter on $2\frac{1}{2}$ million acres. In the cultivation of cotton, Bombay stands second in India after C. P. and Berar and in regard to the fodder crops also she ranks second after the Punjab.

Just as jute is the main commercial crop of Bengal, cotton is the principal commercial agricultural produce of Bombay. If the Indian States in the Presidency are also included, the total yield of cotton in Bombay is the largest in India. Nearly a third of the total Indian cotton production is accounted for by the Bombay Presidency (including the Indian States). The total yield of cotton in Bombay and its Indian States in 1931-32, 1932-33 and 1933-34 was 1,322,000, 1,405,000 and 1,365,000 bales respectively. The total Indian production in the same year amounted to 4,088,000, 4,437,000 and 4,633,000 bales respectively.

Though at first sight it may well appear, that the co-operative movement has not made the same progress in the Bombay Presidency as in the two or three other provinces of India, when the total membership of the co-operative societies and the working capital put up by the Province is considered in relation to the population of the province, it would be readily found that Bombay does not lag behind the apparently more co-operative-minded provinces of India. The number of members in the co-operative societies in 1932-33 in the Bombay Presidency formed 2.65 per cent. of the population as against 1.34 per cent. in India. Punjab alone amongst the major provinces of India has a slightly higher percentage in this regard than Bombay. The total working capital of the co-operative organisations in the Province amounted to Rs. 15,81 lakhs in 1932-33. From the point of view of the total capital, Bombay no doubt stands fourth amongst the major provinces of India after Punjab, Madras and Bengal. When the number of annas contributed per head of population is considered, Bombay comes amongst the major provinces as second with 115 annas giving the pride of place to the Punjab.

As elsewhere in India, the co-operative societies in Bombay are mainly agricultural credit societies. The non-credit co-operative movement though a little more active in this Province, is by no means impressive. The co-operative credit societies, again, as in the rest of India, supply only the short-

term credit needs of the agriculturists. Barring a very few land mortgage banks there are no institutions co-operative or non-co-operative, to meet the long-term credit requirements of the agriculturists. It is really a matter of surprise that Bombay, which is very advanced generally in all matters should have neglected to start well-equipped land mortgage banks which are absolutely essential to the agricultural population situated as it is to-day.

The cotton textile industry is the main and most flourishing industry of the Bombay Presidency. In the national economy of India the cotton textile industry occupies a position, which is second only to that of agriculture; and even to-day Bombay takes the foremost place in the cotton textile production. This industry is an old and well-established industry and is carried on very largely under Indian management and Indian capital. The two chief centres of the industry in the Presidency are the Bombay Island and Ahmedabad.

Amongst the several new industries now gathering momentum in the Bombay Presidency, the most important is the manufacture of matches. There are eight factories established in the neighbourhood of Santa Cruz, Ghodbunder, Rurla and Thana. In 1932-33 there were 14 cigarette factories doing good business. The assemblage of motor cars has now become a regular and well-established industry in the province. In addition to a number of factories for tanning hides and skins, there are also factories for the manufacture of bakelite materials, electric fans, pins and needles, dry cells, razor blades, soaps, glasses, chemicals, pottery, paint, carbon, paper, etc.

Three things necessary for the industrialisation of any locality are the local supply of raw materials, power, whether coal, oil or electricity, and capital. All these three Bombay has or is getting to have in plenty. As regards capital, Bombay is the home of two principal and rich mercantile communities of India, *i.e.*, the Parsis and the Gujaratis. For its principal industry, namely the cotton textile industry, Bombay not only itself grows cotton but also can easily obtain from its neighbouring provinces, Central Provinces and Berar and Madras. Bombay has, however, no oil or coal. She was till recently dependent for her power requirements on the coal from Bengal and C. P. in India or the South Africa. Bombay during the last two decades has done much to remove this disability. The Hydro-electric works, which are now in operation in the Presidency and which gene-

rate electric power some fifty miles away on the Ghats, manage to meet a very considerable part of the power requirements of the Province. As the Hydro-electric schemes of India are dealt elsewhere in great detail it is unnecessary here to dilate on them.

The handloom weaving industry in common with the other major provinces of India, is the most important cottage industry in the Bombay Presidency. Almost every district carries on handloom weaving in spite of all competition from the machine-made fabrics. In Poona, Nasik, Dharwar, Sholapur and Belgaum districts alone, there are reputed to be nearly 2 lakhs of weavers. Saries and Turbans are the more famous products of Bombay handloom weavers. Silk is woven in Ahmedabad, Nasik, Thana and Surat Districts. Dyeing is conducted in the Maratha districts as well as in Gujarat and Kathiawar. Bombay silver-ware and the brass works of Poona and Nasik are well-known throughout India. The other important cottage industries of the Province are lac, ivory and tortoise shell manufactures, carpet weaving, calico-printing, manufacture of gold and silver threads, kinkhab, lacquer work, pottery, stone works, etc.

Joint stock enterprise is very highly developed in the Presidency. The total number of companies and the paid-up capital in 1931-32 amounted to 1,051 and Rs. 99 crores respectively. The paid-up capital employed in the Bombay companies represent fully one-third of the total paid-up capital in India. Though in the total amount of paid-up capital, Bombay yields the first place to Bengal, from the point of view of financial strength and soundness of its companies, Bombay stands foremost in India. If Burma is excluded, the average capital of Rs. 9,41,000 per Bombay company in 1931-32 represents the highest average amongst the major provinces of India. In the total paid-up capital invested in Banks, insurance companies, transit and transport companies, and mills and presses, Bombay Presidency occupies the first place in India. In regard to the paid-up capital invested in trading and manufacturing companies Bombay occupies the second place after Bengal.

Bombay's share in the foreign trade of India on an average works out to about

40 per cent. The following tables illustrate Bombay's share in the total Indian trade:—

IMPORT OF MERCHANDISE

(Lakhs of Rupees)

	1933-34	1934-35	1935-36
Bombay	46.19	53.70	54.51
India	115.36	132.27	134.39

EXPORTS OF MERCHANDISE

(Lakhs of Rupees)

	1932-33	1933-34	1934-35	1935-36
Bombay	25.14	30.50	32.40	33.11
India	135.49	150.67	155.22	164.25

In regard to the total imports Bombay stands first in India and Bengal is second, whereas in the case of the exports the position is exactly reversed.

The chief imports into the Bombay Presidency are cotton goods, metals and ores, machinery, sugar, motor cars, oils, raw cotton, cotton twist and yarn, artificial silk, silk manufactures, instruments, dyeing and tanning substances, woollen goods, paper, hardware, glass and glassware and drugs and medicines. The chief exports are raw cotton, oilseeds, cotton manufactures, raw wool, cotton yarn, oil cakes and grains, pulse and flour. The following table gives the more important imports into and exports from Bombay during the last three years:—

IMPORTS INTO BOMBAY

(Lakhs of Rupees)

	1933-34	1934-35	1935-36
Cotton piecegoods	4.44	4.94	4.38
Cotton raw	3.42	5.01	6.37
Machinery and Mill-work	4.22	4.27	3.01
Metals and Ores	3.10	3.61	3.59
Oils	1.94	2.19	2.18
Silkgoods	2.42	2.29	1.76
Cotton twist and yarn	87	1.37	1.68
Sugar	1.00	81	83
Motor cars	83	1.36	1.26
Woollen goods	86	1.37	96

EXPORTS FROM BOMBAY

(Lakhs of Rupees)

	1933-34	1934-35	1935-36
Oil seeds	4.60	3.23	3.02
Cotton piecegoods	81	94	1.18
Cotton twist and Yarn	78	59	44
Wool raw	83	40	70

One-third to one-fourth of the total Indian imports of piecegoods and sugar are imported by the Bombay Presidency. One-third of Indian imports of metals and ores, machi-

nery and millwork and cotton twist and yarn are also absorbed by the Presidency. One-third to one-half of oils (mineral) and one-half of the Indian imports of motor cars also find their way into Bombay Presidency. 35 to 40 per cent. of the woollen goods and five-sixths of the silk manufactures imported by India are taken by Bombay. Practically

all the Indian imports of raw cotton are destined for the Bombay Presidency.

Of the exports, practically the entire Indian export of cotton twist and yarn, 60 per cent. of raw cotton, one-third of oil seeds, one-half of the piecegoods and about 40 per cent. of the raw wool exported from India are all from the Bombay Presidency.

MADRAS

A scrutiny of occupational statistics of various countries will show that the proportion of people engaged in domestic service to total workers is a rough gauge of the extent of industrialisation. The total workers and working dependents in Madras Presidency according to 1931 census is 28.92 million, out of which 13.35 million or 46.17 per cent. follow exploitation of animals and vegetation. The people engaged in the domestic services amount to 7.79 million or 26.94 per cent., which is the highest percentage amongst the major provinces of India. This high percentage, high even for Madras can be explained largely by the fact that domestic servants also engage in agriculture. The following figures show the distribution of workers and working dependents and the percentage borne by each group of occupation to the total.

	Total Workers & Dependents (millions)	Percentage borne to the total workers and Dependents
Exploitation of Animals and		
Vegetation	13.35	46.17
Industry	2.55	8.81
Transport	0.38	1.35
Trade	1.22	4.25
Public Finance	0.06	0.21
Public Administration	0.18	0.62
Profession and Liberal	0.33	1.31
Persons Living on their		
income	0.03	0.10
Domestic Service	7.79	26.94
Insufficiently described	2.78	9.65
Unproductive	0.17	0.59

On account of a change in the method of classification, the Madras figures are not exactly comparable with that of the All-India census figures. It may, however, be stated confidently that the proportion of people following domestic service is probably the highest in this province and that trade, industry and transport have all a lesser following in the Madras Presidency than in Bombay or Bengal Presidencies and in all probability lesser than even the All-India

census figures. The people following the exploitation of minerals are only about 15,000 and for all practical purposes that group need not be taken into consideration. When the mines and quarries are few, no wonder that there are very few who followed the calling of mining or quarrying. The proportion of people living on their income in the Presidency is also lower than that for the whole of India.

Agriculture is the mainstay of the people in Madras in common with the rest of India. The total area sown in 1931-32 in the Province was 38 million acres which is very nearly a seventh of the total sown area in India. Madras comes second in this regard in India after the United Provinces. Rice, the staple food of the people of the Province, naturally occupies the largest acreage. Rice is cultivated on 12 million acres, Jowar (Cholum or the great millet) 5 million acres, Bajra (Cambu or spiked millet) 3 million acres, Ragi (Marua or millet) 2 million acres and other food crops 7 million acres. Madras stands, amongst the Indian provinces, first in the cultivation of ragi, second in the case of Jowar third in Bajra and fourth in regard to rice. When the total acreage of 205 million under food grains in India is considered, it would be found that Madras with 29 million acres under food grains stands second, yielding the first place only to the Punjab. In the cultivation of oilseeds, spices and coffee. Madras occupies the premier position in India. Out of 16 million acres under oilseeds in India, as much as $4\frac{1}{2}$ million acres are accounted for by Madras alone. Nearly half the land under condiments and spices in India are to be found in this Presidency. The cotton cultivation is also an important industry of the province, as Madras stands third amongst the provinces of India growing cotton. The acreage under cotton cultivation in 1931-32 in the Presidency was 2 million acres.

The agriculture of the Province owes not a little to the agricultural and the irrigation departments. The former have always been on the alert to find out improved seeds and

manures, and the latter in improving the irrigation facilities of the Province. The Madras Presidency has at present some of the finest irrigation works in the world. The Mettur irrigation project which was recently completed is one of the largest of its kind in the world. In 1931-32 the area irrigated in the Presidency was 9.2 million acres and then Madras stood third amongst the provinces of India in regard to the area irrigated.

Although the progress of the co-operative movement in the Madras Presidency is nothing impressive it, has been heartening enough. Madras has the largest number of co-operative society members in India. In 1932-33 the total number of members of primary societies was 898,231, which is a fourth of the total members in India. The working capital of the co-operative organisations in 1932-33 amounted to Rs. 17.30 lakhs and in this respect Madras comes second only to Punjab which has a crore and a half more.

Madras is the most progressive province in regard to the land mortgage banking. No other province has come anywhere near it. The establishment of the Madras Co-operative Central Land Mortgage Board in 1929 to finance the local and the primary mortgage bank by centralising debenture issues marks the starting point of a systematic development of the land mortgage banking in the Province. There are at present about 38 primary land mortgage banks in the Presidency attempting to meet the long term agricultural credit needs of their localities. Though only a start has been made so far, the beginning has been so good that it augurs well for the future.

The non-credit side of the co-operative movement, in common with the rest of India, Madras has not developed. There is, however, one exception. The Triplicane Co-operative Society, which is a consumers' society has been a very successful institution. It is the biggest of its type not only in India but in the whole of East, if Japan is excluded.

The large scale industries of the province are cotton textiles, tanning of hides and skins, jute mills, oil milling, coir making, aluminium utensils making, match and pencil making, soap manufacture, saw milling and sugar. Of these, the cotton textiles and tanning are the more important industries. There are about 28 cotton mills, 4 Jute mills and 12 hosiery mills. In the tanning industry Madras leads ahead all the provinces of India.

If the Madras Presidency has not been

industrialised to the extent the other two presidencies have been, it is because the Presidency has been suffering from a woeful lack of power resources. There are no coal mines within the Presidency and to get coal either from Bengal or C. P. is almost prohibitively costly. The only resource, that could be developed within the Presidency, is the Hydro-Electric power. More than a mere start has been already made in this direction; and it could be safely predicted that within 20 years the Hydro-Electric power would have been sufficiently developed all over the Presidency, and the greatest handicap to its industrialisation would be removed. The Hydro-Electric projects and undertakings are dealt elsewhere in detail.

The important cottage industries of the Province are cotton and silk handloom weaving. Tanjore, Madura, Kuttalam, Kurnool, Adoni, Arni, Cocanada, Salem and Coimbatore are some of the very important centres of silk and cotton weaving. Carpets are made at Ellore, Ayyampattai, and Masulipatam. Vellore, Ganjam, Madura, Travancore, Vizagapatam, Tanjore and Kumbakonam are famous for their metallic wares, Trichinopoly and Dindigul are noted all over the world for cigar manufacture.

Madras Presidency was the first in India to have an efficient department of Industries. The Department has to its credit the starting of the first up to date aluminium, soap, pencil and paper factories in India. This department has been in general taking a greater interest and actively helping the cottage industries as well as the major industries by taking part in, as well as organising, exhibitions, conducting researches, training pupils and starting new ventures, and similar departments in the other provinces of India.

As in the case of industries in the Joint Stock enterprise also, Madras Presidency ranks third amongst the provinces of India (excluding Burma). This is easy to understand. Unless industries flourish Joint Stock enterprise cannot thrive, and a parallel can generally be always found in and locally between its industrialisation and growth of joint stock companies. The Presidency stands third in India in respect of the paid-up capital invested in Banks, Mills and Presses, second in regard of tea and other planting companies and fourth in insurance companies, (Burma being excluded). The paid-up capital of all the companies in 1931-32 amounted to Rs. 15 crores out of the total Indian paid-up capital of 286 crores.

The Madras Presidency comes third after Bombay and Bengal in its contribution to the foreign trade of India. The following figures give the imports and exports of merchandise as well the total foreign trade of the Madras Presidency and India.

IMPORTS OF MERCHANDISE

(Lakhs of Rupees)

	1932-33	1933-34	1934-35
Madras Presidency ...	14.31	17.35	15.71
India ..	115.86	132.25	134.89

EXPORTS OF MERCHANDISE

(Lakhs of Rupees)

	1932-33	1933-34	1934-35
Madras Presidency ...	24.71	25.26	26.91
India ...	1,55.67	155.22	864.25

The chief imports into the Madras Presidency are Metal and Ores, Cotton Manufactures, Machinery, Millwork, Oils, sugar, cotton twist and yarn, vehicles, hardware, dyeing and tanning substances, paper and pasteboard, rubber and chemicals. The main exports from the Presidency are oilseeds, tanned hides and skins, tea, cotton manufactures, coffee, spices, coir raw and manufactured. The following are the more important imports into and exports from

the the Presidency during the last three years:—

IMPORTS INTO THE PRESIDENCY

(Lakhs of Rupees)

	1932-33	1933-34	1934-35
Iron and ores ...	1.40	1.57	1.37
Cotton piece-goods ...	1.36	1.57	1.19
Machinery and Mill-work ...	1.45	1.56	1.67
Oils ...	1.01	5.09	1.03
Cotton Twist and Yarn ...	54	64	69
Sugar ...	56	48	33
Motor Cars ...	24	33	23

EXPORTS FROM THE PRESIDENCY

(Lakhs of Rupees)

	1932-33	1933-34	1934-35
Oilseeds ...	6.18	5.68	5.80
Tea ...	3.90	4.36	4.42
Tanned Skins ...	2.90	3.02	2.75
Tanned Hides ...	2.29	1.91	2.21
Cotton raw ...	1.11	1.74	.97
Coffee ...	1.02	.73	1.01
Cotton piecegoods ...	.83	.82	.84
Rice (not in the husk)			
Machinery and Mill. ...	80	83	86

Of the total Indian imports, about 15 per cent. of metals and ores, 1/10th of cotton piecegoods, 1/9th to 1/10th of machinery and millwork, 1/6th of oils, 1/5th of sugar, 1/4th to 1/5th of cotton twist and yarn and 1/8th of motor cars are imported by the Presidency.

Of the exports from India, nearly 50 per cent. of the oilseeds and cotton 1/4th to 1/5th of tea, and practically all of coffee, tanned hides and tanned skins are contributed by the Presidency.

THE UNITED PROVINCES

The United Provinces is seventh of the provinces of India in size, having an area of 112,191 sq. miles of which 5,943 constitute the States. In point of population, however, the U. P. ranks third with a total population of 49,619,833 of which 1.2 million is accounted for by the States. In its main features, the economic life of the United Provinces is not different from that of the rest of India. In the matter, however, of distribution of occupations, the United Provinces has certain notable features; firstly, the proportion of "exploitation of animals and vegetation" at 74.5 is higher than that of the other important provinces like Bengal, Bombay, Madras

and the Punjab and is lower than that of only Bihar and Orissa, Central Provinces and Assam. If the extent of dependence on agriculture is a clue to the industrialisation of a province, then, one should say that the United Provinces comes next to all other major provinces in point of industrial development. But the proportion which industry bears to the total number of occupations, is higher at 11.7 per cent. than that of the major provinces inclusive of Bombay. But Punjab stands out with the far higher percentage of 17.0.

In transport, United Provinces has a proportion higher than that of Madras and C. P. and Bihar and Orissa, equal to that

of Bombay and lower than that of the Punjab and Bengal. The distribution of

occupation for all the provinces is given below:—

	Assam	Bengal	Behar and Orissa	Bombay	Burma	Central Provinces	Madras	Punjab	United Provinces	Hyderabad State
Exploitation of animals and vegetation	81.4	68.0	74.7	67.6	67.8	80.0	46.2	63.4	74.5	56.8
Exploitation of Minerals ...	0.4	0.2	0.8	0.1	0.6	0.2	0.1	0.1	...	0.4
Industry ...	8.8	8.8	8.3	11.8	11.8	8.3	8.8	17.0	11.7	10.7
Transport ...	1.7	2.0	0.9	2.0	4.1	1.2	1.3	2.1	.9	4.5
Trade ...	3.8	6.8	4.4	5.1	9.3	4.4	4.2	6.0	5.1	11.9
Public administration, Professions and liberal Arts ...	1.8	2.8	1.7	3.9	4.4	2.0	2.2	4.1	2.0	3.8
Others ..	2.6	1.14	9.2	10.0	2.6	3.9	3.72	7.3	5.8	11.9

The total area under cultivation, according to the last report of the Department of Agriculture to hand is 43.2 million acres, of which 7.84 million are double crop. Not less than 3.8 million acres are devoted to the growing of fruits. The United Provinces may boast of a fair share of the important agricultural staples of India. Of wheat, out of the total of 34.4 million acres, the U. P. has as much as 7.67 million. While the total annual production of Indian wheat is 9.70 million tons, the U. P.'s share comes to 5.5 million. The U. P. has more than half the total acreage under sugar cane. While the area under sugarcane in India is only 4.007 million acres, U. P. alone claims as much as 2.249 million. From the standpoint of yield, the U. P.'s share is even higher, being 3,336 million tons out of a total of 5,905 million tons. In cotton, rice and linseed, the U. P.'s share is far less. While the total Indian acreage under cotton is 23,830 acres, only 715,000 acres are in the United Provinces. The U. P.'s cotton production of 194,000 bales is but a small proportion of the total Indian output of 4,807,000 bales. The area under rice of the U. P. is only 6.69 million acres out of a total acreage for All-India of 44.5 million. The output of rice of the province is 1.99 million tons against 30.26 million tons for the whole country. 8,45,000 acres are devoted to the growing of linseed and the U. P.'s output of linseed is 199,000 tons against 418,000 tons for all India. Agriculture in the U. P. must be said to have a bright future before it. At present, however, conditions are not as one would wish them to be; for the depression has hit the United Provinces hard and the finances of the Province have been altogether upset. The report of Sir

Otto Niemeyer, while referring to the undoubted need of the provinces for help from the centre, is also confident that in the future, the U. P. could be numbered as one of the major provinces of India and that the financial help which the Central Government now makes is, purely, of a temporary kind. In considering the prospects of agriculture of this province, reference may be made to the fact that the Sarda Irrigation Canal, on which work was started in 1921, was opened in the main branch in 1928. This comprises some 4,000 miles of main channel and distributories and 1,200 miles of drains over an area of 6 million acres, of which on an average of 1,350,000 is expected to be irrigated annually by its means. New masonry wells to the number of 150,315 were constructed during the decade covered by the last census, mostly at the expense of the cultivators themselves. The principal crops are rice, millet, wheat, barley and pulse. In sugarcane the U. P. has the means of improvement both to agriculture and to the industry of the province. The outlook of U. P. may be said to have changed almost beyond recognition with the institution of a policy of protection for the Indian Sugar Industry. The Government have attempted to distribute the benefits of such a favoured industry by passing legislation for the enforcement of minimum prices for sugarcane. What Bombay Presidency is for the cotton mill industry, the United Provinces may be said to be for the sugar industry. The development of this industry has made up for the weakness of the U. P. in its lack of subsidiary occupations. It is noteworthy too that the United Provinces is alone among the provinces of India for its small number of handlooms which accord-

ing to the report of the Cotton Textile Tariff Board of 1932, is only 75,000, while hardly any province excepting Dehi and N. W. F. Province has less than a lakh of looms.

It must also be mentioned that in cattle breeding the U. P. is ahead of most other provinces of India. It is reputed to be the largest importer of cotton; and it can boast of 4 cattle breeding farms, managed by government in Muttra, Jhansi and Khevi districts and in Bhabar and Therai estates.

It is also likely to derive the largest benefit from the impetus given by His Excellency Lord Linlithgow to cattle breeding in India.

By far the most encouraging aspect of the economic life of the United Provinces is the spread of hydro-electric power mainly for purposes of agriculture, and the resulting scientific outlook in regard to problems affecting agriculture. It is also noteworthy that, according to the banking enquiry Committee, 46 per cent. of agricultural tenants and peasant proprietors were free from debts and 22 per cent. owed less than two years' rents, though a larger number of landlords were in debt and their debts were very much greater.

As regards industry, the U. P. may well claim that it has the most well-distributed industrial activity, compared to the other provinces. It has been already pointed out that the occupational statistics suggest a higher degree of industrialisation than in

most other provinces. Another circumstance pointing towards the same conclusion is that the U. P. has a larger number of cities than Madras or the Punjab or the C. P., not to speak of Bengal. But this it must be added, is due largely to the historic importance of the cities and not to the concentration of population which in industrial activity invariably brings about. Nevertheless, large aggregations of population promote brisk activity in trade and commerce, if not industry. And active business helps the development of industrial concerns; and this must explain to some extent the variety of the industrial life of the U. P. But this, again, rests on the variety of its natural resources. It has been mentioned already that in the sugar industry, the U. P. has the pride of place. Sugar factories rose from 14 in 1931-32 to 68 in 1935-36. The output now stands at 374,000 tons against 202,000 tons of Bihar and Orissa. The percentage of total production is 54.7. Of cotton mills, the U. P. has a fair share, though in the production of cotton, as we have seen already, the contribution of the U. P. is far from impressive. The province has utilised its high place in the production of wheat and oilseeds to develop its own flour mills and oil mills. Small industries like soap and toilette requisites and hosiery are slowly making headway. The progress of the province in the future will, however, depend on the efforts of the Government to modernise agriculture and teach the peasant to use electric power.

PROVINCIAL LEGISLATION FOR THE RELIEF OF INDEBTEDNESS

The subject of indebtedness in general, and of agricultural indebtedness in particular, is receiving greater attention to-day as we come to grips with the problems of economic reconstruction. It is no longer merely the subject of political oratory, naming editorials, but the practical task of Ministers and Councilors. The usefulness of a historical survey of the legislature and the administrative measures introduced from time to time in British India to deal with indebtedness cannot, therefore, be underestimated. This section makes an attempt to present in historical sequence the measures of reform that have been adopted up to date to relieve the agriculturist of his crushing burden of debt, indicating in very broad outlines, where possible, how far the measures are likely to achieve their ends. As most of the legislative enactments are only of recent origin, it is too early to pronounce any decisive verdict on them. But it is both legitimate and desirable to attempt a criticism of the measures adopted and to determine to what extent they approximate to the best that can be done in the prevailing conditions.

It is well known that, among the causes responsible for the low standard of living of the agricultural class in India and its continuous impoverishment even in areas well endowed by Nature, indebtedness should be given the first place. The total amount of rural debt for the whole of British India has been estimated by the Banking Enquiry Committee in the neighbourhood of Rs. 1,000 crores. Part of this debt, Rs. 400 crores or more, is the current debt incurred annually with the intention of repayment after the following harvest, while the rest is standing or prior debt. Owing, however, to the high and frequently usurious rates of interest which are generally charged on the current debt and various other causes peculiar to the agriculturist, the whole of it cannot be repaid after the harvest, with the result, that standing debt is continuously on the increase. The standing debt is a chronic debt readily inherited by children in discharge of the "pious obligation" of son to father.

In the words of the Royal Commission on Agriculture, "the worst policy towards

debt is to ignore it and do nothing.' The debts were incurred at different times and at different price levels. On the basis of the existing rural debt and the present low level of agricultural prices, the agriculturists, who are affected, are most of them insolvent. It is, therefore, in accordance with established principle that their debts should be scaled down, lest there should be wholesale repudiation, with the least possible interference with existing contracts and without impairing the agriculturist's self-respect. This is not easy, as the problem raises a host of tangled issues and needs variety of measures of reform with continuous application to be fruitful of any tangible results. From the economic point of view, the farmer's problem cannot be approached like any other business, industrial or economic question, as it involves features so unique that it offers a stubborn challenge to the economist's enquiries as well as to the programmes of administrators and legislators. Further, agriculture is not merely a way of making money by raising crops, it is essentially a public function or service performed by private individuals for the care and use of the land in the national interest; and the farmers in the course of their pursuit of a living are the custodians of the basis of national life. Agriculture is, therefore, affected with a clear and unquestionable public interest and its status is a matter of national concern calling for deliberate and far-sighted national policies."

The drastic reduction of the wasteful mass of rural debt is essential for the creation of a prosperous agriculture. But it cannot be achieved by any amount of legislation such as the reduction in the rates for borrowing, special treatment of agriculturist debtors, provision for a simple rural insolvency procedure, the provision of cheap credit or even credit without interest. Real reform has to go far deeper. An energetic pursuit of rural reconstruction, that is, reconstitution of rural life in both the economic and social aspect is an urgent necessity. Amongst measures directed towards such an end, education is out and out the most important. It will teach the farmer to farm better, train him to higher social and intellectual ideals in life, enable him to value

more highly the advantages in respect of a healthier and nobler village life, where he could build up a more vigorous social community life that is the backbone of the country. The system of education should be rural in outlook and based more on observation and less on theory. The farmer will then certainly be able to assess his true worth in relation to the country and realise that in his prosperity lies the betterment of India as a whole. The horse of co-operation makes a good pair with education. The farmer will learn how to produce more and more cheaply. He will learn to put increased production to better use, how to buy and sell and work in common with his fellowmen. In other words, an ideal village reconstruction automatically solves not only rural indebtedness but a multitude of kindred problems. Any single measure of reform will leave us just where we stand.

Reforms for the relief of indebtedness have been attempted since the seventies of the 19th century, but the earliest attempts were directed mainly against moneylending. These measures again fall into general (All India) and Provincial legislations. There have also been official and special legislations undertaken from time to time in certain provinces with a view to protect the agriculturist. Latterly, there has been legislation for Debt conciliation on a compromise basis. The first attempts were made in the Central Provinces and the other provinces have followed suit. There have also been some measures attempting at compulsory reduction in the rates of interest. Last of all, there has arisen of late a demand for the provision of some sort of Rural Insolvency law such as was recommended by the Royal Agricultural Commission in para 367 of their Report. It is well to bear these in mind in our study of the attempts to solve the problem.

The Rule of Damdupat: This is an ancient principle in the Hindu law of contract, according to which interest exceeding the amount of the principal cannot be recovered at any one time although the total amount paid from time to time may far exceed the capital. The rule is recognised by courts in certain parts of Bombay, Sind and Berar and in the town of Calcutta, but is not recognised in the Bengal Presidency outside Calcutta or in the Madras Presidency. The rule exists only so long as the relationship of debtor and creditor exists, but not when the contractual relation has come to an end by reason of a decree.

The principle is not applicable to a degree for puisne mortgage nor to interest accruing

after the institution of the suit. The interest on arrears may be capitalised by subsequent agreement, but prospective interest cannot be so capitalised. The rule is not affected by the Transfer of Property Act and the Indian Contract Act or Acts relating to interest.

There is a radical defect in the rule that, if the interest is paid in smaller sums than the principal, there is no limit to the amount of interest. The Bengal Provincial Banking Enquiry Committee held that, for the rule to be really effective, a creditor should never be able to receive more than double the amount advanced and that this should be made statutory. The Bengal Moneylenders' Act, 1933 (VII of 1933) embodies this principle though not fully. Section 4 of this Act limits the amount of arrears of interest recoverable in the case of loans prior to the commencement of the Act to the amount of the principal unless there be satisfactory reasons for not enforcing the claims earlier. Section 6 stipulates that, in respect of a loan made after the commencement of this Act, no court shall decree on account of arrears of interest a sum greater than the principal. Section 30 of the Punjab Relief of Indebtedness Act (VII of 1934) also follows the same rule. Under section 30(1) no court shall in any suit brought after the commencement of this Act against a debtor as defined in Section 7 of the Act, grant a decree in satisfaction both of principal and interest for a larger sum than thrice the amount which the Court finds to have been due at the commencement of this Act. According to sec. 30(2) no Court shall, in respect of a suit brought after the commencement of this Act, decree for a larger sum than twice the amount of the sum taken as principal.

Rule for Adjustment of Debt in 1772: Even at the beginning of British rule in India, the usury then prevalent in Bengal seems to have caused concern to the administrators. On taking over the administration of the province, Warren Hastings saw its evil effects and in 1772 the Committee of Circuit framed rules for the adjustment of debt and rates of interest. Old debts shall bear no further interest once the claims are adjusted; and the amount shall be payable by kistibundee (instalment) according to the circumstances of the party. The rate of interest on principal sums not exceeding Rs. 100 should be half anna in the rupee per month and on sums exceeding Rs. 100, two rupees per cent. per month. All compound interest should be deemed unlawful and should be prohibited. When a debt is

sued for upon a bond which shall be found to specify a higher rate than the established rates, the interest should be wholly forfeited for the debtor and only the principal should be recoverable. All attempts to elude the law should be punished by a forfeiture of one moiety of the amount of the bond to Government and the other half to the debtor.

Regulating Act of 1774: By a Regulating Act of 1774 (13 Geo. Ch. 63) the maximum rate of interest as applicable to European British subjects in India was fixed at 12 per cent. per annum.

The Bengal Regulation of 1780: This regulation fixed the maximum limits for the rates of interest at 12 per cent. per annum.

Act XXVIII of 1855: When the laws against usury were repealed in England in the middle of the 19th century, the usury laws in India were repealed by the above act. The rule of Damdupat remained in force in the localities mentioned before.

Indian Contract (Amendment) Act of 1879: The prevalent unrestricted usury in British India attracted the attention of Government who promulgated the Act, by which the courts could give relief to debtors in cases of unconscionable bargains on proof of undue influence where the bargain was by way of penalty.

Usurious Loans Act of 1918: The Usurious Loans Act of 1918 empowered a court, where there was a reasonable ground to believe that the rate of interest was excessive and the transaction was substantially unfair, to reopen the transaction and relieve the debtor of excessive interest, even though there is an agreement to close previous dealings and open a new account.

Usurious Loans (Amendment) Act of 1926: This enabled suits by debtors for redemption of securities. The period of limitation was extended to 12 years.

These are the All-India legislations directed against usury; and Provincial legislations against usury and regularisation of money-lending are dealt with below:

The Punjab Regulation of Accounts Act, 1933: The Act applies the rule of Damdupat as said before. It lays down that rates of interest above 15 per cent. in the case of secured loans and 25 per cent. in the case of unsecured loans or where there is a stipulation of rest at intervals of less than six months are to be presumed to be excessive under the Usurious Loans Act. It prohibits the recovery of compound interest at the rate of more than 10 per cent. This Act enables the debtor to obtain full particulars of his debt from his creditor.

The rates of interest were later on thought to be excessive and an amendment was proposed to be introduced in 1935 limiting the maximum rate of interest on secured and unsecured loans at 6 and 9 per cent. respectively and the rate for compound interest at 3 per cent. The amending bill was also intended to strictly enforce the Damdupat rule, so that in no case could a creditor recover interest, paid and to be paid, in excess of the principal sum. The matter is still under consideration.

The Usurious Loans (Central Provinces) Amendment Act, 1934 (XI of 1934), the C. P. Moneylenders' Act, 1934 (XIII of 1934), the Central Provinces Moneylenders' (Amendment) Bill of 1935, the Central Provinces Reduction of Interest Bill of 1936 are allied legislations in the Central Provinces, all of which attempt to protect debtors from being unduly mulcted by creditors. The last of the measures proposes to limit the rate of interest for debts above Rs. 5,000 at 9 per cent. on secured and 13 per cent. on unsecured loans and 6 per cent. of compound interest is to be charged with yearly rests. For loans under Rs. 5,000 the maximum for secured and unsecured debts would be 10 and 15 per cent. respectively while compound interest cannot be charged at more than $7\frac{1}{2}$ per cent.

The N. W. F. P. Usurious Loans (Amendment) Act, the Madras Debtors' Protection Act, 1935 (VII of 1935), the Madras Debtors' Protection (Amendment) Act, 1935, also have the same object in view and limit the rates of interest on secured and unsecured loans to 12 per cent. and 18 per cent. respectively.

The Assam Moneylenders' Act, 1934: The Act is on the lines of the Bengal Moneylenders' Act, 1933; but the rates of interest are much lower.

Burma has also been up with legislation for protection of debtors. A bill has been introduced on the lines of the (Punjab Regulation of Accounts Act, 1930 and the Madras Debtors' Protection Act, 1934 with a few modifications. The agriculturists of the rural area and the clerks, artisans, the middle and labouring classes in towns in Burma seem to require protection against the moneylenders. The manner of pledging jewellery and of the consequent sale usually associated with moneylending in Burma has been far from satisfactory. The shrewd moneylenders have been exacting to an unconscionable degree from the ignorant and illiterate Burmese agriculturist debtors. The rates of interest charged were unusually high. The bill seeks to regulate the

keeping of accounts by creditors and to protect debtors by limiting the rates of interest to 12 per cent. and 18 per cent. on secured and unsecured loans respectively. Reasonable penalties have also been prescribed for violators of the law.

Similar legislations are also in contemplation in Bombay and the Punjab. Special legislation has also been undertaken from time to time to protect agriculturists in the provinces.

The Deccan Agriculturists' Relief Act of 1879: The Act provides some protection for agriculturist debtors by way of security from alienation of the debtor's property except under extraordinary circumstances and the exemption from attachment of certain properties and so on. The reduction of rates of interest can also be reviewed by the Court and a summary insolvency procedure sanctioned, if deemed proper by the Court. The Act has almost been a dead letter; and the procedure, which the courts have to follow, are cumbrous and far too expensive for debtors belonging to the cultivating class. As a result, the Act has not brought the relief to the peasant-debtor which was expected of it.

The Punjab Land Alienation Act of 1900: The Act came into force in 1901. Its main object was to prevent the small peasant proprietor being expropriated by the village moneylender. The non-agriculturist classes have been greatly restricted in the acquisition of land, they are not allowed to buy land from a member of the agriculturist tribe nor may they take it on a mortgage from the latter for more than twenty years. At the end of the period the mortgage automatically lapses without payment; and so the nominal value of debt secured by mortgage varies with the age of the mortgage. But it has given rise to the agriculturist moneylender, and borrowing, which the Act sought to discourage, has become again as easy as ever.

The United Provinces Agriculturist Relief Act, 1934: The chief provisions of the Act are

(1) Empowering courts to order for repayment of agricultural debts in easy instalments spread over a period exceeding twenty years.

(2) Limitation of rates of interest admissible after a decree to 2 and 3 per cent. according to circumstances.

(3) Facility to redeem mortgages and limitation by possessory mortgages to a period not exceeding 20 years after which

possession should be relinquished in favour of the debtor.

4. Regulation of the rates of interest recoverable on loans taken since January 1917 and the limitation of rates for borrowing after the Act comes into force as the Local Government may stipulate from time to time.

5. Stipulation of the rate of interest after a sum equal to 100 per cent. of the principal in the case of secured loans and 150 per cent. of the principal in the case of unsecured loans has been realised or accrued as interest.

6. Courts can reopen past decrees and make reasonable and just amended awards.

7. Creditors should maintain a correct account for each agriculturist debtor for each loan separately and should furnish the debtor annually with a statement of account.

The Central Provinces Agriculturists Debt Relief Bill

This bill, which was introduced sometime towards the end of 1935, seeks to relieve agriculturists, who have not profited appreciably in spite of debt conciliation legislation in the province, by facilitating the payment of their debt by reducing the rate of interest to 7 per cent. on unsecured and 6 per cent. on secured loans and by securing repayments spread over a period not less than 30 years.

The Bihar Agriculturists Relief Bill 1935

The bill, intends to protect agriculturist debtors from undue exploitation; and at the same time to control the moneylenders and pawnbrokers by making their registration as professionals compulsory. A regular account is to be maintained by these moneylenders etc. in respect of each debtor and of each loan. The interest to be chargeable should not exceed 12 and 18 per cent. on secured and unsecured loans respectively, if the interest is simple, or 9 and 12 per cent. respectively, if compound interest with yearly rests is reckoned. A court cannot decree the repayment of an agricultural debt in instalments over a period not exceeding six years. The molestation of debtors shall constitute a cognisable offence punishable with a heavy fine or imprisonment or with both.

Debt Conciliation

It has been recognised beyond doubt that the agriculturists are involved in debt beyond their power to repay and unless this is remedied the consequences may be disastrous; it may even end, ere long, in a

complete repudiation of all existing liabilities. Three methods of debt conciliation are possible. One is the voluntary method by which debtors and creditors volunteer to come to an amicable settlement of the debts. A second is the method of compromise which is brought about by an outside agency by persuasion. A third method is to compel debtors and creditors to come to a reasonable agreement. The first solution has rarely found advocates. The Central Provinces Government pioneered legislation of the second kind. And other provinces have since then more or less blindly followed suit, modelling their laws almost on the Central Provinces Act.

The Central Provinces Debt Conciliation Act, 1933, set up machinery for facilitating amicable settlements between agricultural debtors and creditors through the agency of Debt Conciliation.

Boards are established under Government authority whose members are to be deemed public servants. The Board has powers to call for statements of debts from the debtor and creditor and to examine the circumstances thoroughly after the debtor and creditor have explained their case to their satisfaction to the Board. It shall endeavour to induce them to arrive at an amicable settlement. If the creditors, to whom not less than 40 per cent. of the total amount of the debtors' debts are owing, come to an amicable settlement, the settlement shall be drawn up as an agreement recording the amounts payable to creditors, the manner of payment and the time of payment. The Agreement shall be registered; and it shall take effect as if it were a decree of a civil court. The sums due under the agreement shall be recoverable as amounts decreed by a court and defaulters as arrears of land revenue, if creditors so desire. There are also subsidiary provisions for exercising pressure on refractory creditors who perversely refuse to accept fair offers from debtors. These provisions allow the issue of certificates that creditors have refused fair offers from debtors with the effect that the creditors are debarred from recovering in a court costs or interest above 6 per cent. per annum simple interest and also, if the debt in question is not secured, from executing any decree for a certain period. There is no appeal against a Board's award; but a Board has powers under certain conditions, to review previous orders. Legal practitioners are prohibited from representing parties before a Board.

The Punjab Relief of Indebtedness Act, 1934 (VII of 1934)

The provisions of this Act are exactly similar to those of the Central Provinces Act. The Punjab Act makes a further attempt at the same time to amend in conformity, other civil laws, such as the Insolvency Act, Usurious Loans Act the rule of Damdupat and makes other minor alterations of the civil law relating to attachment of property of the judgment-debtor etc. When a debtor satisfies a court that he is entitled to summary administration under the provincial Insolvency Act, 1920, the court can forthwith order accordingly without asking the usual cumbrous formalities for insolvency to be followed. The maximum rates of interest recoverable have been fixed at 12 and 18½ per cent. on secured and unsecured loans respectively and at 9 and 14 per cent. respectively if compound interest is to be reckoned. The principle of the Damdupat has already been discussed.

The Madras Debt Conciliation Act of 1935 follows generally the lines of the Central Provinces Act. It is intended to apply to agriculturists whose debts exceed Rs. 150 but fall below Rs. 25,000 in the aggregate.

In Burma a bill was sought to be introduced on the lines of the Central Provinces Debt Conciliation Act. But the Relief Committee, which sat over the bill, found it impossible to come to any satisfactory decision regarding a suitable form and suitable provisions for the bill without further enquiry regarding the circumstances which may render such legislation necessary. The committee has requested the Government (February 1936) to appoint an officer to make an enquiry and report the probable total amount of agricultural debt in the province, whether conciliation is already reported in any area, whether conciliation on the lines of the Debt Conciliation Bill was necessary and whether such legislation is likely to have undesirable repercussions on the economy and credit of the province.

Assam has had in view the setting up of Debt Conciliation Boards to relieve agriculturists from indebtedness by amicable settlement between debtors and creditors on the lines of the Central Provinces Act. A bill has been drawn up accordingly and is the subject of deliberation, perhaps, of a select committee.

The Bombay Debt Conciliation Bill, which is now before a select committee, is drafted just on the same lines of the Cen-

tral Provinces Debt Conciliation Act with few variations of detail.

The more recent Bengal Agricultural Debtors' Act, although based on the Central Provinces Act, is a variant of it. It was feared voluntary methods cannot be relied upon to bring about everywhere a sufficiently widespread reduction in agricultural indebtedness. It has, therefore, been thought necessary to endow Boards on occasions with powers for compulsion where voluntary methods fail. The Act contemplates types of boards as circumstances demand. There would be a type trying to induce creditors and debtors to come to a compromise and do no more; another type would act as in the Central Provinces; and a third type derives powers to exercise compulsion in varying degrees on certain intransigent creditors who refuse to settle debts amicably at all. The Act further contains a simple insolvency procedure, the need of which was emphasised in paragraph 367 of the Royal Commission on Agriculture. In the words of the Commission "the main objects of such a measure would be to relieve the debtor of what he cannot pay, whilst insisting on his

paying the utmost he can, within a reasonable time. When a man's debts are such that the usufruct for fifteen years of the land not absolutely essential for maintenance is insufficient to meet them, the balance is obviously irreconcilable, and he is, therefore, a fit subject for insolvency law. Whether the law should provide for conciliation boards or committees or whether such bodies should be regarded as an alternative to an insolvency law is an open question. Just as creditors have the right to insist that all the debtors' assets should be impounded and applied towards the payment of the debts, so also the debtor who has given up all his assets should have the clear right to be allowed to earn his living if he can and to be free to make a new start in life.

Some of the Indian States have also been up and doing in relieving the agriculturist of his debts. Baroda has done a good deal and Travancore has been hotly debating over a Ryot's Relief Bill. Ere long, it is hoped that the contagion would have been caught throughout India including even the many petty Indian States.

Established 1911.

The Bombay Provincial Co-operative Bank Limited.

(Registered under Co-operative Societies Act)

Head Office :—APOLLO STREET, FORT, BOMBAY.

Branches :

Barmati	District Poona.	Shevgaon	District Ahmednagar	Shahada	District West Khandesh
Islampur	" Satara	Ahmednagar	" "	Nandurbar	" "
Karad	" "	Bhiwandi	District Thana	Sakri	" "
Tasgaon	" "	Palghar	" "	Sindkheda	" "
Satara	" "	Kalyan	" "	Malegaon	District Nasik
Kirloskarwadi	" "	Akluj	District Sholapur	Satana	" "
Koregaon	" "	Viramgam	District Ahmedabad	Kalvan	" "
Shirale	" "	Dhulia	" West Khandesh	Dohad	District Panch Mahals
Kopargaon	District	Dondaicha	" "	Kalol	" "
	Ahmednagar	Shirpur	" "		

Apex Bank of the Co-operative Movement in Bombay Presidency.

WORKING CAPITAL EXCEEDS RS. 2,00,00,000.

FIXED, CURRENT AND SAVINGS DEPOSITS ACCEPTED.

Terms on Application

ADVANCES made only to registered Co-operative Societies

COLLECTION WORK undertaken on almost all important towns in the Bombay Presidency

Money deposited with this Bank directly benefits the Agriculturists and persons of small means.

For further particulars write to Managing Director.

Receipts and Disbursements of the Central Government, in India and in England

(In Thousands of Rupees)

	Accounts, 1924-25			Accounts, 1925-26			Accounts, 1926-27			Accounts, 1927-28			Accounts, 1928-29			Accounts, 1929-30		
	Net Receipts	Net Charges	Net	Net Receipts	Net Charges	Net	Net Receipts	Net Charges	Net	Net Receipts	Net Charges	Net	Net Receipts	Net Charges	Net	Net Receipts	Net Charges	Net
Principal Heads of Revenue—																		
Customs ...	44,98,19	...	46,96,18	...	...	...	46,56,84	...	...	47,95,60	...	...	46,34,42	...	...	50,30,15	...	...
Taxes on Income ...	15,41,10	...	15,27,21	...	...	...	15,09,21	...	...	14,40,88	...	...	16,01,88	...	...	15,98,76	...	...
Salt ...	6,18,84	...	5,07,91	...	...	...	5,49,85	...	...	5,86,67	...	...	6,86,67	...	...	5,49,50	...	...
Opium ...	1,44,19	...	2,03,52	...	...	...	2,32,69	...	...	3,07,52	...	...	2,71,64	...	...	2,55,28	...	...
Other Heads ...	1,68,19	...	1,52,08	...	...	...	1,60,98	...	...	1,75,00	...	...	1,62,48	...	...	1,62,25	...	...
TOTAL	69,65,51	...	70,86,85	...	...	...	72,03,57	...	...	71,96,62	...	...	75,06,59	...	...	75,95,94	...	...
Forest and other Capital outlay Charged to Revenue ...	...	17,32	...	...	7,18	...	...	...	7,88	...	12,58	...	...	...	...	...	...	...
Irrigation ...	...	11,44	...	...	8,12	...	...	...	5,25	...	8,33	...	...	...	...	...	...	...
Railways ...	6,78,42	...	5,49,04	...	...	...	6,01,13	...	...	6,27,83	...	...	5,23,19	...	...	6,11,86	...	...
Posts and Telegraphs ...	80,37	...	1,88,25	...	...	...	...	...	5,18	...	47,28	...	...	...	...	...	...	...
Debt Services ...	...	15,27,23	...	...	14,12,29	...	...	...	12,65,90	...	11,99,23	...	...	...	...	...	...	...
Civil Administration ...	...	9,88,61	...	...	9,80,51	...	...	...	10,27,39	...	10,22,09	...	...	...	...	...	...	...
Currency and Mint ...	3,27,92	...	8,93,78	...	...	...	3,39,40	...	...	1,89,79	...	...	2,16,71	...	...	1,99,48	...	...
Civil Works ...	...	1,64,52	...	...	1,47,57	...	...	...	1,78,95	...	1,42,41	...	...	...	...	...	...	...
Miscellaneous ...	...	8,89,42	...	...	8,71,42	...	...	...	8,86,15	...	3,22,85	...	...	...	...	...	...	...
Military Services ...	...	55,68,40	...	...	55,99,86	...	...	...	55,96,96	...	54,79,45	...	...	...	...	...	...	...
Provincial contributions and Miscellaneous adjustments between Central and Provincial Governments ...	8,74,47	...	6,08,41	...	...	...	5,13,23	...	...	2,40	...	...	2,92	...	...	...	...	...
Extraordinary Items ...	2,58,51	...	87,80	...	...	...	...	...	2,39,13	...	2,17,38	...	1,08,42	...	...	1,83,88	...	...
GRAND TOTAL	91,80,20	86,11,94	88,04,13	85,32,95	86,57,07	83,57,07	82,34,22	82,34,22	82,34,22	82,34,22	82,34,22	82,34,22	83,54,37	85,06,19	85,69,36	...	...	...

Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England

(In Thousands of Rupees)

	Accounts, 1924-25		Accounts, 1925-26		Accounts, 1926-27		Accounts, 1927-28		Accounts, 1928-29		Accounts, 1929-30	
	Net Receipts	Net Charges	Net Receipts	Net Charges	Net Receipts	Net Charges	Net Receipts	Net Charges	Net Receipts	Net Charges	Net Receipts	Net Charges
Surplus or Deficit	...	...	5,68,25	...	3,81,18	...	...	...	31,54	20,83	...	...
Capital Accounts—												
Capital outlay on Security Press...	...	...	...	16,40	...	...	...	...	...	...	...	28
Railway Capital not Charged to Revenue	...	...	18,95,24	...	...	22,72,70	...	20,85,98	15	20,85,07	2,44	30,18,84
Payment for discharge of Railway Debentures	...	...	...	...	...	...	...	...	...	...	...	...
Construction of Irrigation Works	...	...	...	...	...	...	...	...	...	...	...	...
Capital outlay on Posts and Telegraphs	...	...	1,17,56	...	...	2,23,54	...	82,59	...	53,33	...	33,07
Capital outlay on Vizagapatam Port	...	...	...	...	...	64,77	...	31,86	...	29,23	...	35,75
Capital outlay on Lighthouses and Light Ships	...	...	...	...	...	...	...	...	...	...	...	13
Currency Capital outlay	...	...	...	...	...	...	...	8,66	...	...	...	69
Initial Expenditure on New Capital at Delhi	...	...	1,42,19	...	...	99,06	...	61,63	...	46,58	...	72,72
Payment of commuted value of Pensions	...	...	...	...	...	...	...	28,85	...	44,26	...	38,30
Capital outlay on Bombay Land Scheme	...	...	...	...	...	...	...	...	...	20,74	...	36,09
Payments to Retrenched Personnel	...	...	...	...	...	...	...	...	...	...	...	...
Debt Deposits Advances and Repayments—												
Permanent Debt	11,74,77	...	...	4,08,85	...	...	...	...	...	...	...	...
Floating Debt	...	...	2,11,80	...	...	...	...	8,18,00	...	1,94,60	...	...
Unfunded Debt	8,96,12	...	...	...	...	...	...	...	...	...	...	...
Deposits and Advances by Central Government	2,82,84	...	...	...	...	...	...	...	...	...	...	...
Loans and Advances by Central Government	...	...	1,22,69	...	...	...	...	...	...	...	...	...
Loans between Central and Provincial Governments	...	...	8,86,61	...	...	...	...	...	...	...	...	...
Remittances	1,18,86	...	...	...	...	...	...	...	...	...	...	...
Balances of Provincial Governments	2,64,95	...	...	...	...	...	...	...	...	...	...	...
Opening Balance	41,62,05	...	...	...	...	...	...	...	...	...	...	...
Closing Balance	...	...	45,25,29	...	...	40,10,51	...	81,11,10	...	16,70,97	...	84,27,91
TOTAL	74,02,84	74,02,84	80,76,97	80,76,97	81,18,45	81,18,45	61,53,58	61,53,58	60,69,79	60,69,79	80,03,54	80,03,54

Revenue—Government of Madras Since 1924-25

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Taxes on Income	1,57	4,27	4,64	5,94	5,48	7,27	6,75	...	...	...	...	...	...
Land Revenue	6,15,06	6,39,79	6,22,00	6,28,77	5,24,89	5,21,06	4,88,62	5,82,78	5,02,57	6,98,84	7,15,41	7,23,81	7,42,79
Excise	4,90,14	4,94,85	5,10,53	5,84,87	5,58,76	5,92,26	5,24,28	4,25,80	4,26,96	4,28,88	4,28,12	4,07,81	3,94,18
Stamps	2,41,56	2,45,08	2,52,80	2,50,11	2,51,17	2,50,92	2,84,71	2,84,98	2,41,58	2,28,11	2,17,11	2,04,59	2,01,98
Forest	55,74	51,81	56,24	53,44	61,55	68,56	52,69	45,82	49,72	41,58	44,34	44,57	43,27
Registration	37,90	38,61	40,58	39,06	34,12	35,53	31,80	30,73	33,49	31,15	31,93	31,01	31,25
Scheduled Taxes	...	...	...	...	...	...	...	...	...	...	...	...	...
Total	14,41,92	14,73,91	14,86,24	15,06,69	14,85,97	14,70,65	13,88,85	12,69,51	12,54,82	14,23,01	14,31,91	14,12,54	14,14,12
Railways	...	...	...	...	...	...	...	...	...	...	...	...	...
Irrigation	88,74	96,85	91,27	86,62	1,88,41	1,88,65	1,86,01	1,91,62	2,09,07	7,82	8,17	8,45	8,61
Interest Receipts	12,80	16,21	20,86	25,17	34,27	40,88	42,52	80,76	29,66	33,42	25,07	22,20	22,05
Civil Administration	61,51	60,81	60,25	63,78	68,62	74,94	72,17	98,02	1,08,36	1,01,29	1,14,14	1,16,61	1,14,56
Civil Works	5,92	9,67	8,87	9,25	13,06	11,52	24,89	22,46	20,55	21,84	24,56	34,17	62,88
Miscellaneous	15,54	18,09	16,69	13,85	17,69	22,13	19,95	17,48	18,27	15,63	15,96	34,87	17,44
Contribution to the Central Government by Provincial Government	-8,48,00	-2,21,98	-1,65,10	...	...	...	...	...	...	...	...	...	...
Miscellaneous adjustment between Central and Provincial Governments (net)	60	88	...	-5,51	...	...	...	...	...	...	...	...	...
Extraordinary Receipts	...	17,90	...	...	...	...	...	...	...	...	...	...	...
Transfers from Revenue Reserve Fund	...	...	...	...	...	...	...	...	...	...	...	...	...
Total Revenue in India	12,79,03	14,71,84	15,18,49	16,99,85	17,53,02	18,08,77	16,88,80	16,29,85	16,40,23	16,03,01	16,19,81	16,28,84	16,31,66
Revenue in England with Exchange	...	...	...	...	...	...	...	...	...	...	...	...	...
Total Revenue	12,79,03	14,71,85	15,18,50	16,99,86	17,53,11	18,08,87	16,88,98	16,29,88	16,40,25	16,03,05	16,19,81	16,28,84	16,39,66

Expenditure—Government of Madras Since 1924-25 (In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Income-Tax	...	...	...	...	...	...	...	...	...	...	...	...	...
Land Revenue	37,92	38,15	38,96	39,16	39,78	28,89	28,45	25,51	19,89	19,83	19,66	19,80	17,78
Excise	26,62	47,12	42,69	42,96	43,67	45,19	46,38	36,57	39,24	32,94	33,31	34,92	33,09
Stamps	5,32	5,62	5,78	6,25	6,71	7,67	5,96	6,06	6,68	5,71	6,13	5,90	5,74
Forests	89,22	42,38	44,52	42,31	41,89	43,31	42,50	38,36	38,59	35,21	34,69	36,62	35,89
Registration	29,84	24,75	25,58	26,84	27,04	29,08	29,51	28,17	26,67	28,65	29,19	29,86	29,40
Scheduled Taxes	...	...	...	...	...	...	...	...	...	...	...	...	...
TOTAL	1,92,22	1,58,02	1,57,53	1,57,02	1,50,04	1,54,14	1,52,80	1,34,67	1,25,07	1,22,34	1,22,98	1,26,60	1,21,40
Forest and other Capital outlay charged to Revn.	2,91	4,16	5,48	5,88	4,77	4,31	4,27	2,98	6,43	6,51	6,15	6,14	6,39
Railways	...	...	...	...	...	...	...	...	...	...	...	...	...
Irrigation	80,90	88,34	98,90	97,34	1,05,32	1,23,71	1,27,47	1,32,18	1,26,88	92,39	99,78	92,23	84,99
Debt Services	28,11	40,24	45,18	53,68	53,06	39,33	21,30	17,45	11,56	97,44	95,25	94,50	91,44
Civil Administration	8,44,32	8,61,81	8,85,35	9,24,80	10,08,48	10,45,41	11,06,95	10,16,16	9,83,68	10,04,26	10,26,26	10,51,16	10,43,89
Civil Works	77,19	95,54	1,10,36	1,40,27	1,53,73	1,32,04	2,34,92	1,39,43	1,58,09	1,44,32	1,24,75	1,34,74	1,52,14
Miscellaneous	81,00	81,93	73,89	73,15	83,07	86,93	95,43	88,33	1,13,00	89,40	90,14	1,11,26	95,95
Extraordinary Items	22,92	...	...	...	...	...	...	...	...	...	...	...	...
Total Expenditure in India	12,68,97	13,30,04	13,71,69	14,56,64	15,68,77	16,35,87	17,48,14	15,81,70	15,24,71	15,57,16	15,65,31	16,16,63	15,96,20
Expenditure in England with Exchange	39,53	42,95	45,33	41,49	45,20	46,91	46,55	42,77	39,33	39,65	43,57	43,39	43,46
TOTAL EXPENDITURE	13,08,50	13,72,99	14,17,02	14,98,13	16,13,97	16,84,78	17,39,69	16,24,47	15,63,04	15,96,81	16,09,88	16,60,52	16,39,66

Revenue—Government of Bombay Since 1924-25

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Taxes on Income	...	...	...	...	...	...	...	...	...	...	...	...	...
Salt	...	...	...	...	...	...	...	17	19	7	...	4	...
Land Revenue	5,16,58	5,41,11	4,66,94	5,23,19	4,84,68	4,79,68	4,74,45	5,01,84	4,71,24	3,85,10	3,49,87	3,40,82	3,45,28
Excise	4,42,98	4,15,33	4,09,89	3,96,21	3,92,26	4,07,89	3,04,85	3,26,55	3,50,85	3,64,37	3,12,13	3,29,40	3,30,54
Stamps	1,78,06	1,76,85	1,67,58	1,75,40	1,68,89	1,77,15	1,58,06	1,50,28	1,58,96	1,56,35	1,39,52	1,38,60	1,37,95
Forest	73,08	75,28	76,56	72,94	78,48	79,75	52,24	56,74	59,71	54,30	48,31	48,22	47,16
Registration	12,49	12,78	12,04	11,82	11,75	12,83	10,89	11,36	12,54	16,21	14,57	15,23	15,63
Scheduled Taxes	9,04	15,30	19,55	21,20	21,52	20,21	16,39	19,19	18,77	19,05	18,27	18,13	18,13
TOTAL	12,82,18	12,86,15	11,52,06	12,00,76	11,52,08	11,76,87	10,16,38	10,65,63	10,72,06	9,95,45	8,73,73	8,90,44	8,94,09
Railways	...	...	...	...	...	...	...	...	...	...	...	...	...
Irrigation	53,28	42,11	40,24	42,94	65,72	46,80	33,12	58,40	71,73	67,76	22,17	17,95	19,78
Interest Receipts	1,32,67	1,65,80	1,68,13	1,58,27	1,51,52	1,45,86	1,47,23	1,44,87	1,47,69	1,36,77	1,38,87	1,36,86	93,83
Civil Administration	53,37	57,77	59,10	56,04	76,91	82,51	89,77	95,49	1,00,83	1,04,07	93,42	96,59	1,08,97
Civil Works	15,42	16,18	16,39	34,70	38,71	52,93	53,06	72,53	62,04	60,81	42,44	46,42	45,36
Miscellaneous	27,74	80,67	84,54	53,82	38,87	82,93	33,92	35,43	44,99	60,46	43,26	42,19	39,87
Contribution to the Central Government by Provincial Governments	-56,00	-34,00	-28,00	..	..	...	..	...	...	..	...	..	..
Miscellaneous adjustments between Central and Provincial Governments (net)	40,52	9,55	4,03	4	-4,00	-4	..	...	...	..	...	...	...
Extraordinary Receipts	..	..	2,58	7,91	1,96	3,56	7,06	9,60	25,75	33,34	4,40	20,45	67
Transfer from Revenue Reserve Fund	...	...	...	...	...	...	...	...	..	...	...	...	...
Total Revenue in India...	14,99,18	15,24,18	14,58,07	15,84,48	15,21,72	15,91,42	13,80,54	14,81,95	15,25,09	14,60,68	12,15,29	12,59,96	12,03,57
Revenue in England with Exchange	...	...	...	..	2	11	82	9	8	6	...	...	...
TOTAL REVENUE	14,99,18	15,24,18	14,58,07	15,84,48	15,21,74	15,91,53	13,80,86	14,82,04	15,25,17	14,60,74	12,15,29	12,59,90	12,03,57

Expenditure—Government of Bombay Since 1924-25

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Income-Tax ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Land Revenue ...	61,99	68,93	65,51	66,48	64,77	66,08	64,93	69,86	66,76	62,84	45,80	47,95	46,95
Excise ...	40,15	54,03	63,92	47,94	46,32	44,25	41,63	39,61	46,78	48,16	42,84	41,85	41,13
Stamps ...	43	1,26	1,75	1,92	2,67	2,65	2,42	2,34	2,42	2,26	1,86	1,91	2,00
Forest ...	42,69	40,54	40,94	40,58	41,25	43,27	40,65	40,06	35,13	32,14	26,36	27,50	27,22
Registration ...	6,75	6,63	6,64	6,53	6,55	6,64	6,38	6,29	6,02	6,06	5,27	5,56	5,62
Scheduled Taxes ...	18	81	19	20	20	21	21	31	24	29	21	23	23
Total ...	1,52,19	1,66,62	1,78,95	1,68,05	1,61,76	1,68,10	1,56,27	1,58,47	1,56,35	1,51,75	1,21,84	1,23,90	1,23,15
Forest and other Capital outlay Charged to Revenue ...	...	2,03	2,22	2,43	2,33	2,22	1,76	53	1,10	64	78	53	52
Railways ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Irrigation ...	91,35	94,05	95,50	1,05,20	99,05	1,12,24	99,73	86,04	1,07,66	1,40,03	5,24	4,76	47,80
Debt Services ...	2,01,91	2,76,99	2,49,81	2,25,38	2,18,81	2,18,73	1,89,23	2,30,51	2,29,23	2,29,67	..	...	1,62,82
Civil Administration ...	7,62,81	7,37,55	7,83,75	7,85,77	8,05,22	8,26,10	8,33,65	8,05,81	7,50,99	6,59,34	5,52,37	5,65,69	5,90,97
Civil Works ...	90,77	90,23	1,20,84	1,47,35	1,45,96	1,40,26	1,54,41	1,18,32	93,40	92,62	80,09	93,03	1,18,88
Miscellaneous ...	1,40,33	1,56,21	1,46,39	96,53	80,60	82,63	87,42	93,76	1,18,05	1,24,91	1,12,95	1,18,03	1,24,23
Extraordinary Items ...	...	...	...	...	...	...	...	2	3,24	2,75	1,05	25	2
Total Expenditure in India ...	14,89,41	15,78,73	15,79,96	15,25,76	15,13,28	15,40,28	15,22,52	14,88,31	14,59,42	14,01,71	8,74,02	9,53,24	11,67,89
Expenditure in England with Exchange ...	33,16	41,79	43,71	37,50	42,37	40,52	39,39	41,03	39,53	42,02	36,11	35,56	35,23
TOTAL EXPENDITURE ...	14,72,57	16,15,32	16,23,67	15,63,26	15,55,60	15,80,80	15,61,91	15,29,39	14,98,95	14,43,73	9,10,13	14,62,63	9,55,80

Revenue—Government of Bengal Since 1924-25

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Taxes on Income	...	...	...	...	...	...	...	...	...	...	...	...	...
Salt	...	...	...	...	...	...	...	5,87	6,04	2,12	1,19	1,10	...
Land Revenue	8,10,74	8,00,57	8,11,18	8,15,12	8,26,76	8,24,74	8,08,98	8,06,22	8,00,06	3,21,14	3,48,85	8,87,19	3,28,45
Excise	2,15,07	2,28,08	2,25,17	2,24,81	2,24,91	2,26,25	1,80,16	1,56,00	1,40,32	1,34,06	1,36,65	1,34,50	1,34,66
Stamps	8,86,68	8,57,98	8,81,60	8,46,81	8,54,88	8,91,97	8,12,06	2,71,09	8,13,01	2,87,14	2,86,03	2,92,42	2,94,90
Forest	24,75	28,57	31,24	33,49	31,18	30,52	28,12	16,94	15,12	15,03	17,82	20,02	20,02
Registration	25,85	38,92	38,50	40,17	39,94	31,69	28,72	19,33	18,47	19,67	22,43	24,00	25,90
Scheduled Taxes	21,52	19,81	16,91	19,47	16,99	16,29	13,00	13,04	11,30	11,22	13,77	15,40	15,90
Total	9,34,61	9,73,88	9,54,60	9,79,87	9,94,66	10,21,46	8,61,88	7,87,99	8,04,32	7,90,88	8,21,74	8,24,53	8,18,93
Railways	...	...	...	...	...	...	...	...	...	...	...	...	...
Irrigation	...	...	...	...	...	...	...	...	...	...	...	...	...
Interest Receipts	...	...	...	...	...	...	...	...	...	...	...	...	...
Civil Administration	...	...	...	...	...	...	...	...	...	...	...	...	...
Civil Works	...	...	...	...	...	...	...	...	...	...	...	...	...
Miscellaneous	...	...	...	...	...	...	...	...	...	...	...	...	...
Contribution to the Central Government by Provincial Govts.	...	...	...	...	...	...	...	...	...	...	...	...	...
Miscellaneous adjustments between Central and Provincial Govts.	...	...	...	...	...	...	...	...	...	...	...	...	...
Extraordinary Receipts	...	...	...	...	...	...	...	...	...	...	...	...	...
Transfer from Revenue Reserve Fund	...	...	...	...	...	...	...	...	...	...	...	...	...
Total Revenue in India	10,84,87	10,70,18	10,50,66	10,81,80	10,97,01	11,35,89	9,65,92	9,01,00	9,38,11	9,05,77	11,08,99	11,42,62	11,51,89
Revenue in England with Exchange	...	...	...	...	...	...	...	...	...	...	...	...	...
TOTAL REVENUE	10,84,24	10,70,17	10,50,86	10,81,29	10,98,67	11,35,87	9,66,27	9,01,06	9,38,04	9,05,73	11,08,99	11,42,62	11,51,89

Expenditure—Government of Bengal Since 1924-25

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Income-Tax ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Land Revenue ...	30,82	35,59	38,43	38,45	46,78	45,09	45,36	41,24	37,76	37,33	39,03	36,91	36,98
Excise ...	12,88	26,04	24,98	23,87	22,93	22,26	21,80	19,55	17,00	17,54	16,60	18,24	18,58
Stamps ...	9,47	8,68	8,43	8,98	9,00	6,28	5,23	4,10	4,61	4,30	4,88	5,17	5,24
Forest ...	14,02	12,84	13,90	14,40	15,78	15,47	15,17	14,96	14,48	14,19	14,70	15,22	15,12
Registration ...	18,08	18,73	18,76	20,71	20,25	22,13	19,95	18,94	17,47	17,51	17,70	18,54	18,82
Schedule Taxes ...	15	15	15	15	15	15	16	15	15	5	5	11	8
TOTAL ...	85,42	1,01,53	1,04,65	1,06,51	1,14,84	1,11,33	1,07,67	98,94	91,47	90,92	92,96	98,59	94,77
Forest and other Capital outlay charged to Revenue ...	...	43	3,23	2,62	1,04	1,17	78	1,64	61	25	20	29	23
Railways ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Irrigation ...	35,80	30,89	35,12	35,17	36,92	34,13	30,73	29,02	28,75	31,05	33,12	24,01	32,80
Debt Services ...	-8,88	-8,48	-7,44	-7,17	-7,92	-1,68	23	1,10	13,49	10,22	16,04	26,80	27,66
Civil Administration ...	6,69,13	6,80,43	7,07,21	7,09,72	7,29,86	7,54,92	7,73,99	7,50,18	7,24,12	7,39,28	7,39,63	7,61,68	7,75,58
Civil Works ...	95,30	1,10,12	1,11,37	1,01,05	97,92	94,54	1,01,49	88,46	76,25	76,20	80,24	90,44	1,05,92
Miscellaneous ...	68,00	79,10	75,49	97,74	80,57	97,53	84,29	89,26	91,89	98,87	1,01,42	1,09,62	1,10,42
Extraordinary Items ...	...	...	...	...	...	...	...	...	...	...	2,50	...	...
Total Expenditure in India ...	9,45,27	9,94,02	10,29,63	10,45,65	10,52,63	10,91,94	10,99,18	10,53,57	10,27,53	10,41,79	10,66,11	11,16,43	11,47,98
Expenditure in England with Exchange ...	30,75	36,61	41,32	39,92	37,34	41,70	41,61	41,95	40,25	39,37	41,90	41,94	43,39
TOTAL EXPENDITURE ...	9,76,02	10,30,63	10,70,95	10,85,57	10,90,47	11,33,64	11,40,79	11,00,52	10,67,83	10,81,66	11,08,01	11,58,37	11,90,77

Revenue—Government of the United Provinces Since 1924-25

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Taxes on Income	...	...	...	...	...	...	...	...	...	...	...	...	...
Salt	...	...	...	...	...	...	...	...	...	...	...	...	...
Land Revenue	6,71,08	6,90,25	6,87,97	6,92,56	6,04,88	6,85,38	6,47,99	6,12,41	5,70,76	5,58,23	5,85,96	5,85,51	5,79,72
Excise	1,80,50	1,82,72	1,81,00	1,40,97	1,80,86	1,80,35	1,12,22	1,08,28	1,22,29	1,30,92	1,83,76	1,85,00	1,44,00
Stamps	1,74,40	1,76,46	1,69,29	1,71,37	1,72,70	1,80,65	1,69,67	1,65,96	1,85,44	1,74,97	1,60,47	1,53,00	1,53,00
Forest	69,22	64,26	58,29	66,08	61,80	61,80	49,76	45,82	45,98	45,19	49,02	47,72	45,73
Registration	12,49	13,70	13,81	12,92	13,54	13,77	11,98	11,89	13,26	11,86	11,08	10,50	11,00
Scheduled Taxes	...	...	...	...	...	...	...	...	...	...	...	...	...
TOTAL	10,57,69	10,77,42	10,59,86	10,83,90	9,88,48	10,72,61	9,93,02	9,48,40	9,37,88	9,21,20	9,40,81	9,30,75	9,33,45
Railways	2,14	2,07	84	2,23	1,87	1,85	1,45	86	1,00	1,29	1,13	55	60
Irrigation	66,27	85,82	99,35	97,88	84,99	1,27,36	1,09,71	97,61	1,20,13	1,20,75	1,10,02	1,52,40	1,37,92
Interest Receipts	18,19	12,90	9,23	11,76	10,29	16,92	15,26	13,88	12,64	12,21	12,68	11,72	11,25
Civil Administration	41,16	41,96	44,85	47,70	46,65	48,47	49,77	46,46	44,12	44,04	44,36	47,18	49,72
Civil Works	6,43	4,08	8,92	8,34	8,45	8,28	6,78	5,69	3,99	5,29	6,97	19,46	20,52
Miscellaneous	46,41	46,83	41,11	38,06	14,25	27,85	20,28	13,96	16,35	18,85	14,60	17,06	17,51
Contribution to the Central Government by Provincial Governments	-2,40,00	-1,88,83	-1,50,85	...	...	...	...	...	...	...	...	...	...
Miscellaneous adjustments between Central and Provincial Governments	1,25	45	-15	67	...	...	...	...	...	...	...	...	...
Extraordinary Receipts... Transfers from Revenue Reserve Fund	...	13	30,55	36	...	...	...	...	...	...	...	...	...
TOTAL REVENUE IN INDIA	9,99,59	10,86,68	11,88,71	12,86,40	11,44,78	12,98,34	11,96,27	11,21,31	11,45,06	11,28,63	11,30,07	11,79,13	11,70,97
Revenue in England with Exchange	-6	...	...	-2	87	27	46	35	15	...	14	17	...
TOTAL REVENUE	9,99,53	10,86,68	11,88,71	12,86,38	11,45,16	12,98,61	11,96,73	11,21,66	11,45,21	11,28,63	11,30,21	11,79,30	11,70,97

Expenditure—Government of the United Provinces Since 1924-25

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	1935-36	Revised Budget 1936-37
Income-Tax ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Salt ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Land Revenue ...	79,46	81,78	85,94	86,62	90,61	92,62	95,52	88,16	73,89	74,23	78,85	74,35	84,08
Excise ...	6,14	15,09	12,79	13,18	13,41	13,26	12,81	11,90	10,76	11,53	11,45	11,86	11,99
Stamps ...	4,09	3,42	3,43	3,81	3,75	3,41	3,24	3,13	3,03	2,99	2,89	2,72	2,78
Forest ...	36,53	36,64	31,68	32,26	31,42	32,53	32,02	27,11	25,98	26,42	27,18	27,88	28,24
Registration ...	4,57	4,75	4,64	4,74	4,90	4,97	4,96	4,68	4,31	4,52	4,54	4,68	4,67
Scheduled Taxes ...	...	...	...	...	...	...	...	...	...	...	...	...	...
TOTAL ...	1,80,79	1,41,63	1,33,48	1,40,06	1,44,09	1,46,79	1,43,55	1,94,38	1,17,97	1,19,69	1,19,41	1,21,49	1,31,61
Forest and other Capital outlay charged to Revenue ...	...	85	1,33	1,73	1,01	1,34	74	17	7	7	22	26	31
Railways ...	17	16	17	13	13	13	13	8	8	8	7	7	7
Irrigation ...	64,07	74,08	78,63	86,08	1,05,07	94,12	1,02,80	1,05,47	1,07,52	1,07,11	1,06,92	1,08,76	1,09,41
Debt Services...	29,79	33,09	41,06	59,59	62,28	66,75	89,86	77,31	82,21	50,54	46,14	43,94	68,53
Civil Administration ...	6,35,88	6,93,63	6,95,09	7,14,99	7,23,30	7,44,56	7,41,69	6,92,80	6,52,99	6,70,17	6,84,80	7,10,04	7,80,91
Civil Works ...	80,26	69,62	67,90	65,74	70,32	50,02	65,64	37,94	44,39	47,28	52,45	65,35	67,55
Miscellaneous...	71,60	69,12	70,33	67,17	82,95	83,41	92,37	91,56	84,49	88,60	89,47	91,21	94,44
Extraordinary Items ...	...	...	...	...	...	...	...	...	...	58	1,16	77	24
TOTAL Expenditure in India ...	10,12,51	10,31,63	10,93,04	11,35,49	11,39,15	11,92,12	12,41,78	11,89,71	10,89,72	10,84,12	11,00,64	11,41,93	12,03,07
Expenditure in England with Exchange ...	29,98	35,80	40,76	39,33	39,34	41,08	45,99	43,98	40,21	42,63	42,16	42,14	41,58
TOTAL EXPENDITURE ...	10,42,49	11,17,43	11,33,80	11,74,82	12,28,49	12,33,20	12,87,77	11,83,69	11,29,93	11,26,75	11,42,80	11,84,07	12,44,65

Revenue—Government of Burma Since 1924-25

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Taxes on Income	5,90	8,92	14,81	14,93	12,90	11,40	10,86	8,58	..	..	..	..	..
Salt	..	..	..	..	..	..	..	4,89	4,66	2,05	1,68	1,35	1,80
Land Revenue	5,71,88	5,34,48	5,22,93	5,55,62	5,40,88	5,27,73	2,82,77	5,75,85	8,87,58	4,77,14	4,95,17	4,32,51	4,91,90
Excise	1,16,09	1,23,68	1,32,89	1,28,68	1,93,37	1,26,94	1,07,43	80,29	84,57	80,20	85,03	83,47	89,03
Stamps	62,45	66,59	65,84	70,05	70,65	69,84	59,48	59,11	53,86	46,12	42,18	42,02	40,89
Forest	1,81,85	2,09,62	2,17,86	2,07,83	1,60,75	1,87,82	1,44,07	1,06,41	87,46	80,00	1,14,45	88,80	1,07,24
Registration	5,80	6,87	6,39	7,02	6,48	6,40	6,42	7,01	5,02	3,94	3,38	3,43	309
Scheduled Taxes	..	..	..	..	4,57	4,15	3,06	10,95	10,77	10,03	10,79	10,88	10,44
TOTAL	9,48,47	9,49,86	9,59,72	9,59,18	9,28,40	9,33,73	6,18,64	8,48,09	6,53,42	6,99,48	7,52,73	6,57,46	7,44,44
Railways	..	-21	10	-1	..	..	..	..	..	..	..	..	..
Irrigation	..	39,09	43,58	31,63	33,41	14,83	19,85	27,80	49,82	31,56	31,08	33,66	26,36
Interest Receipts	..	12,61	13,28	11,68	11,24	10,90	9,46	9,54	9,87	7,84	4,07	3,18	2,37
Civil Administration	..	84,23	86,67	44,43	49,48	54,59	52,44	49,05	47,49	50,77	48,45	45,81	50,00
Civil Works	..	13,10	9,26	18,12	24,41	8,85	16,02	15,01	10,88	12,98	59,75	15,55	19,35
Miscellaneous	..	7,81	5,49	5,23	7,06	5,20	9,81	9,49	29,06	21,75	6,03	4,05	4,61
Contribution to the Central Government by Provincial Governments	..	-64,00	-44,85	..	..	..	..	..	..	..	..	..	..
Miscellaneous adjustments between Central and Provincial Government	..	16	-1,89	-58	..	..	..	..	..	..	18,98	18,00	16,00
Extraordinary Receipts...	..	8,78	8,20	-61	..	2,62	1,17	24	21	1,21	31	6	..
Transfers from Revenue Reserve Fund	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Revenue in India...	9,85,76	10,18,94	10,06,08	10,72,08	10,54,52	10,80,77	7,21,89	9,59,82	7,80,75	8,25,61	9,21,80	7,78,77	8,65,13
Revenue in England with Exchange	..	-12	1	1	3	6	43	25	12	..	..	..	..
TOTAL REVENUE	9,85,76	10,18,82	10,06,04	10,72,09	10,54,55	10,80,83	7,22,34	9,60,07	7,80,87	8,25,61	9,21,80	7,78,77	8,65,13

Expenditure—Government of Burma

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Income Tax	...	...	...	...	...	...	...	...	...	...	...	...	...
Land Revenue	56,99	67,91	67,61	65,33	64,12	61,78	53,83	60,40	52,40	53,59	53,96	52,22	55,26
Excise	17,82	30,69	22,13	22,18	22,98	22,59	24,20	21,14	18,96	19,43	17,56	17,69	18,58
Stamps	1,43	1,39	1,50	1,73	1,76	1,59	1,39	1,29	1,25	1,06	93	1,00	92
Forest	92,96	77,05	79,08	75,01	60,13	65,04	64,03	-13,89	59,72	1,12,58	39,43	53,99	55,46
Registration	1,53	1,53	1,63	1,81	1,87	1,83	1,87	1,30	1,61	1,62	1,37	1,46	133
Scheduled Taxes	...	...	...	...	...	4	3	2	2	5	1	1	1
TOTAL	1,70,73	1,78,62	1,72,05	1,66,11	1,50,86	1,52,92	1,44,85	65,76	1,33,96	1,38,33	1,13,26	1,26,37	1,31,56
Forest and other capital outlay charged to revenue	...	3,03	3,41	9,06	14,35	7,69	6,40	-17,15	19	-12,37	13,53	17	60
Railways	-46	15	-4,70	...	...	...	...	...	...	...	...	...	...
Irrigation	52,29	67,72	57,80	60,22	43,14	36,04	36,77	...	23,59	23,13	26,32	33,05	31,61
Debt Services	-13,54	-14,03	-25,11	-25,43	-20,73	-21,64	-16,09	5,53	13,23	51,99	21,03	23,37	18,98
Civil Administration	4,34,64	4,97,95	5,52,44	5,77,10	5,37,40	5,71,52	5,51,83	5,73,74	5,19,88	4,93,90	4,73,94	4,72,80	4,75,59
Civil Works	1,32,46	2,33,01	2,17,60	2,51,21	2,50,21	2,11,64	2,10,73	1,11,40	91,39	85,95	74,50	86,13	93,12
Miscellaneous	67,74	59,01	75,27	39,55	62,31	73,75	32,42	35,04	70,35	70,29	71,71	73,11	31,51
Extraordinary Items	...	...	31,61	11,63	1,52	23	...	2	4	...	13	1	1
Total Expenditure in India	9,43,86	10,30,41	10,35,37	11,39,39	10,39,06	10,37,20	10,17,01	3,29,39	3,57,13	9,11,72	7,94,47	8,20,03	8,32,98
Expenditure in England with Exchange	42,33	49,12	56,33	57,31	63,91	61,77	60,37	55,07	51,44	50,30	52,40	51,66	53,36
TOTAL EXPENDITURE	9,86,74	10,79,53	11,41,75	11,96,70	10,52,97	10,98,97	10,77,33	3,84,46	9,08,57	9,62,52	8,47,17	8,71,72	8,86,34

Revenue—Government of the Central Provinces and Berar Since 1924-25 (In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Taxes on Income													
Salt	2,30	1,86	2,18	1,72	2,28	2,74	2,65	8	1	...	...	...	...
Land Revenue	2,25,72	2,21,88	2,82,88	2,45,26	2,19,81	2,04,99	2,18,59	2,10,63	2,44,66	2,24,16	2,34,78	2,40,20	2,55,57
Excise	1,50,44	1,56,57	1,85,45	1,20,67	1,22,76	1,24,45	86,27	65,56	57,61	57,04	58,80	59,96	61,54
Stamps	68,84	71,05	61,45	65,20	69,72	67,18	59,19	55,55	57,22	58,08	58,63	58,00	56,00
Forest	52,88	49,88	53,21	50,78	54,46	59,97	51,12	44,47	42,90	44,06	47,91	50,00	50,50
Registration	6,79	6,66	6,48	6,57	7,80	7,00	5,85	4,79	5,10	5,04	4,91	4,90	5,06
Scheduled Taxes	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	5,05,92	5,06,90	4,91,65	4,90,20	4,75,78	4,67,88	4,23,17	3,81,09	4,07,50	3,88,88	4,00,03	4,07,00	4,28,67
Railways	..	..	..	..	..	..	..	..	..	..	..	..	..
Irrigation	..	91	1,92	1,28	-18	-26	3,20	-1,86	-1,47	1,36	1,95	3,32	4,06
Interest Receipts	..	3,30	2,49	3,77	3,82	2,86	4,18	3,22	4,72	4,00	4,26	3,87	3,31
Civil Administration	..	21,02	20,85	21,53	22,81	22,65	22,13	24,04	22,16	22,33	22,66	22,20	23,45
Civil Works	..	4,47	4,76	5,26	4,90	5,04	5,10	5,99	9,83	7,78	13,87	13,89	16,30
Miscellaneous	..	11,97	55	17,20	28,53	30,22	12,08	6,44	6,75	6,34	5,30	5,16	5,35
Contribution to the Central Government by Provincial Government	-22,00	-13,00	-22,00	..	..	..	..	..	..	..	..	..	..
Miscellaneous adjustments between Central and Provincial Governments	-25	1,99	-41	27	..	..	..	..	..	..	..	..	..
Extraordinary Receipts	..	45	4 5	26	18	84	13	25	2	11	9	12	10
Transfers from Revenue Reserve Fund	..	..	..	..	..	..	..	..	..	..	..	..	..
Total Revenue in India	5,25,84	5,35,14	5,07,02	5,39,77	5,35,48	5,28,18	4,69,99	4,19,67	4,49,51	4,30,28	4,42,57	4,55,56	4,81,24
Revenue in England with Exchange	..	..	..	..	4	6	7	28	28	..	..	..	..
TOTAL REVENUE	5,25,84	5,35,14	5,07,02	5,39,77	5,35,52	5,28,24	4,70,06	4,19,95	4,49,79	4,30,23	4,42,57	4,55,56	4,81,24

Expenditure—Government of the Central Provinces and Berar Since 1924-25
(*In Thousands of Rupees*)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Income-Tax
Land Revenue	...	23,80	25,00	26,64	28,74	29,22	28,91	28,67	22,87	18,89	17,98	18,13	18,28
Excise	7,44	21,02	17,85	14,75	12,98	11,43	11,70	9,30	8,12	10,00	9,25	9,49
Stamps	2,53	2,13	1,89	1,86	1,79	1,69	2,49	1,16	1,25	1,15	1,17	1,26
Forest	31,42	33,25	36,14	36,56	38,22	38,64	38,31	34,19	32,49	33,73	34,32	36,22
Registration	...	2,35	2,16	2,17	2,21	2,20	2,22	2,16	1,95	1,74	1,88	1,89	1,99
Scheduled Taxes
TOTAL	...	67,54	83,56	84,69	84,12	84,36	82,89	83,33	68,97	62,49	64,74	64,76	67,24
Forest and other Capital outlay charged to Revenue	2,42	2,52	2,00	2,21	1,12	1,29	34	24	26	..	...
Railways
Irrigation	...	25,60	26,60	28,00	27,43	29,32	29,59	30,61	31,30	32,10	32,40	30,31	29,20
Debt Services	...	2,41	1,55	23	4,43	3,86	-1,26	30	2,91	16,86	21,55	7,53	9,23
Civil Administration	...	2,42,42	2,51,18	2,66,11	2,62,18	2,79,92	2,70,51	2,71,01	2,46,35	2,30,16	2,36,46	2,38,10	2,52,65
Civil Works	...	63,85	75,80	1,02,12	1,09,93	96,57	81,68	69,92	51,87	51,13	52,36	56,70	64,33
Miscellaneous	...	72,14	73,54	71,33	29,06	39,80	56,40	37,88	34,69	38,29	41,19	43,20	46,11
Extraordinary Items	28	9	...	...	...	...	...	...	...	...	...
Total Expenditure in India	4,73,96	5,14,88	5,55,09	5,19,20	5,36,04	5,20,98	4,94,34	4,37,93	4,30,82	4,49,46	4,40,60	4,61,28	4,63,76
Expenditure in England with Exchange	...	14,30	17,74	19,29	18,47	18,97	21,54	19,89	19,72	18,61	19,45	19,72	20,91
TOTAL EXPENDITURE	...	4,88,26	5,32,62	5,74,33	5,37,67	5,55,01	5,14,23	4,57,65	4,49,43	4,63,91	4,60,31	4,81,00	4,89,76

Revenue—Government of Assam Since 1924-25

(In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised Budget 1935-36	1936-37
Taxes on Income	...	...	...	...	...	...	...	2,42	1,69	1,72	8,23	3,25	3,25
Salt	5,54	5,29	4,92	5,62	6,68	5,58	4,84	64	73	25	14	14	15
Land Revenue	1,05,14	1,07,11	1,06,72	1,12,79	1,17,18	1,20,74	1,15,26	1,20,38	1,17,92	1,10,70	1,15,11	1,22,18	1,23,12
Excise	65,96	78,82	71,98	70,94	66,89	66,28	58,87	52,84	40,42	34,61	82,05	35,21	33,71
Stamps	20,65	22,22	23,56	23,50	22,01	19,98	19,49	19,16	18,01	17,26	17,21	17,20	17,20
Feret	24,79	30,89	31,67	36,14	37,68	35,20	12,63	19,27	16,16	14,57	14,80	13,55	13,55
Registrations	1,87	2,13	2,28	2,80	2,82	2,09	11,97	1,92	1,68	1,55	1,59	1,66	1,66
Scheduled Taxes	...	...	...	...	...	...	...	...	...	...	...	...	...
TOTAL	2,23,95	2,40,96	2,41,08	2,51,29	2,52,16	2,49,77	2,22,06	2,16,58	1,96,56	1,80,66	1,86,63	1,93,19	1,92,65
Railways	17	29	17	12	...	...	...	...	...	...	...	...	...
Irrigation	...	...	...	...	...	...	...	...	...	...	...	...	...
Interest Receipt	61	80	1,02	1,59	1,57	2,74	95	1,10	1,13	67	...	...	...
Civil Administration	9,66	9,13	8,53	9,06	12,09	12,70	13,10	12,80	11,38	11,40	11,39	12,54	12,58
Civil works	5,50	4,51	4,30	4,21	4,68	4,48	5,90	7,92	9,55	6,63	8,60	19,21	20,44
Miscellaneous	4,99	3,85	3,34	2,95	3,12	2,25	2,41	1,62	1,04	1,47	1,54	1,56	1,54
Contribution to the Central Government by Provincial Governments	—15,00	—9,00	—15,00	...	...	...	...	...	...	...	...	...	...
Miscellaneous adjustments between Central and Provincial Government	52	1	5	14	...	...	...	...	...	...	8,54	9,12	8,88
Extraordinary Receipts	...	...	...	...	...	...	...	...	...	...	1	...	...
Transfers from Revenue Reserve Fund	...	...	...	...	...	...	...	...	...	...	...	...	...
Total Revenue in India	2,80,49	2,50,05	2,43,49	2,69,86	2,73,62	2,71,94	2,44,42	2,40,92	2,19,66	2,00,83	2,15,99	2,36,22	2,36,67
Revenue in England with Exchange	...	...	...	...	8	1	1	3	1	...	...	...	...
TOTAL REVENUE	2,80,49	2,50,05	2,43,49	2,69,86	2,78,70	2,71,95	2,44,43	2,40,95	2,19,67	2,00,83	2,17,00	2,36,22	2,36,67

Expenditure—Government of Assam Since 1924-25 (In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Income-Tax ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Land Revenue ...	16,29	17,29	18,09	19,10	19,07	20,55	21,88	20,61	18,32	17,81	17,92	17,31	16,88
Excise ...	1,75	18,88	10,99	7,90	9,60	9,15	8,48	6,00	6,09	5,13	4,99	5,85	5,40
Stamps ...	92	90	92	97	94	64	59	46	40	40	40	41	41
Forests ...	13,19	14,64	13,27	12,92	19,53	20,43	19,50	15,46	13,66	11,97	12,11	11,68	12,18
Registration ...	1,32	1,33	1,41	1,52	1,57	1,74	1,70	1,01	1,47	1,46	1,43	1,57	1,57
Scheduled Tax ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Total ...	38,47	48,04	44,68	42,49	50,71	52,51	52,15	44,14	40,44	36,77	36,80	36,32	36,44
Forest and other capital outlay charged to Revenue ...	...	89	1,03	1,15	1,70	1,77	1,66	66	45	...	...	...	...
Railways ...	1,15	1,09	35	53	58	59	60	50	43	47	44	44	44
Irrigation ...	74	78	64	98	1,13	90	71	63	46	55	...	...	...
Debt Services ...	-65	-68	-67	-75	-86	-1,02	-65	2,42	4,78	6,21	...	...	...
Civil Administration ...	1,02,12	1,11,58	1,18,19	1,24,61	1,29,88	1,36,58	1,39,59	1,31,07	1,21,81	1,29,79	1,56,40	1,62,46	1,71,70
Civil Works ...	37,40	39,53	49,43	58,05	67,64	77,17	57,57	41,18	39,87	35,05	46,16	58,61	64,70
Miscellaneous ...	19,03	17,19	18,59	14,78	14,85	13,52	16,54	16,62	17,74	16,00	6,50	8,51	9,19
Extraordinary Items ...	...	34	...	...	...	...	...	...	5	55	22	6	...
Total Expenditure in India ...	1,98,26	2,18,76	2,32,24	2,41,84	2,65,63	2,87,02	2,68,17	2,37,22	2,26,08	2,25,39	2,46,02	2,66,40	2,82,47
Expenditure in England with Exchange ...	7,08	9,45	10,97	9,68	9,54	10,70	10,76	10,51	10,39	10,48	...	...	...
TOTAL EXPENDITURE ...	2,00,29	2,28,21	2,43,21	2,51,52	2,72,17	2,97,72	2,78,93	2,47,73	2,36,47	2,35,87	2,46,02	2,66,40	2,82,47

Revenue—Government of the Punjab Since 1924-25 (In Thousands of Rupees.)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-37
Taxes on Income	1,90	8,82	4,02	4,83	4,02	8,60	2,00	...	...	..	...	27	...
Land Revenue	8,53,68	8,07,18	8,21,26	8,00,15	2,77,93	2,57,76	2,69,43	2,22,46	2,67,65	2,50,40	2,98,14	2,90,59	2,71,76
Excise	1,18,96	1,23,12	1,24,81	1,17,78	1,21,86	1,15,07	1,11,52	94,50	92,10	94,96	1,00,20	99,57	99,68
Stamp	1,16,61	1,14,85	1,18,27	1,17,94	1,21,03	1,15,08	1,10,02	1,10,50	1,14,51	1,08,15	1,02,92	94,08	98,98
Forest	37,27	41,12	39,08	31,94	35,28	31,58	23,85	22,44	19,52	19,48	18,85	10,82	19,24
Registration	8,88	9,44	9,11	9,08	9,21	9,33	8,38	8,15	9,43	8,89	9,26	9,24	9,15
Scheduled Taxes	...	...	...	...	...	...	..	...	...	...	...	...	...
TOTAL	6,87,25	5,98,98	6,11,05	5,31,67	5,68,83	5,82,42	5,25,20	4,58,05	5,08,21	4,81,28	5,29,36	5,18,57	4,93,76
Railways	...	...	...	...	...	...	...	..	...	...	...	...	..
Irrigation	4,30,18	4,57,08	8,30,08	0,43,83	3,74,39	3,04,45	3,61,59	3,80,83	3,67,83	4,42,21	4,01,76	2,98,96	4,24,08
Interest Receipts	5,91	11,76	8,79	10,39	8,59	9,70	10,02	9,53	9,88	9,49	10,02	9,92	8,83
Civil Administration	40,74	40,89	45,50	52,75	574,9	60,23	54,98	65,59	64,71	65,80	68,19	69,37	69,69
Civil Works	5,82	5,80	4,89	8,60	6,85	7,01	9,74	17,92	19,78	19,45	20,25	11,73	27,86
Miscellaneous	83,80	2,22,96	26,72	28,36	27,54	35,70	8,03	26,78	21,13	19,79	19,68	20,39	20,48
Contribution to the Central Government by Provincial Governments	1,75,00	1,18,84	—85,73	...	...	...	..	...	...	..	..	...	...
Miscellaneous adjustments between Central and Provincial Governments	18	44	..	28	...	...	...	..	..	...	...	...	...
Extraordinary Receipts...	...	1,27,84	84,69	1,16,05	72,24	78,27	46,46	86,09	37,28	84,61	16,40	22,20	36,17
Transfers from Revenue Reserve Fund	...	...	10,00	...	..	15,00	9,86	...	...	...	...	...	...
Total Revenue in India...	9,77,83	11,52,00	10,85,99	12,06,43	11,15,43	11,27,78	10,55,88	9,94,79	10,23,87	10,72,63	10,66,26	10,46,14	10,80,86
Revenue in England with Exchange	—11	...	—23	—6	26	—59	23	1,71	5	...	...	...	...
TOTAL REVENUE	9,77,72	11,52,00	10,85,71	12,06,37	11,15,69	11,27,19	10,56,51	9,96,50	10,23,92	10,72,63	10,66,26	10,46,14	10,80,86

Expenditure—Government of the Punjab Since 1924-25 (In Thousands of Rupees)

	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1932-33	1933-34	1934-35	Revised 1935-36	Budget 1936-1937
Income-Tax ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Land Revenue ...	41,75	48,60	42,99	41,59	40,95	40,87	39,63	37,23	35,47	36,32	36,91	38,36	38,93
Excise ...	4,56	17,82	15,22	15,49	11,71	13,73	12,74	11,57	9,88	9,85	10,42	10,07	10,88
Stamps ...	2,50	2,75	2,40	2,82	2,43	3,46	1,87	1,86	2,02	1,69	1,78	1,61	1,72
Forest ...	25,93	24,95	26,80	25,52	24,93	24,73	23,38	20,99	18,12	19,00	21,25	21,50	22,63
Registration ...	95	1,00	99	1,03	1,04	99	96	87	76	73	74	74	75
Scheduled Taxes ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Total ...	75,69	90,12	88,40	85,95	81,06	83,78	78,58	72,52	65,74	67,59	71,10	72,75	74,91
Forest and other Capital outlay charged to Revenue ...	1	1,98	4,22	4,02	4,71	4,95	...	...	3,98	5,62	2,88	3,29	3,12
Railways ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Irrigation ...	1,04,99	1,91,79	2,56,63	2,37,34	1,50,62	1,31,46	1,37,53	1,47,09	1,42,17	1,45,32	1,42,22	1,42,29	1,43,01
Debt Services ...	95	-4,18	-10,70	-22,39	-22,05	-16,27	-11,86	-8,34	8,68	-5,13	-10,52	-13,52	-14,67
Civil Administration ...	4,71,23	5,18,37	5,44,69	5,69,67	6,17,05	6,50,91	6,39,57	5,85,08	5,49,11	5,38,45	5,78,90	6,06,04	6,13,14
Civil Works ...	68,78	1,07,53	1,49,25	2,05,99	2,45,00	1,88,11	1,44,73	1,24,85	1,20,00	1,21,43	1,23,79	1,33,43	1,35,89
Miscellaneous ...	43,24	54,76	56,79	57,16	46,62	54,95	70,70	77,25	81,17	98,53	1,01,32	1,07,12	1,08,30
Extraordinary Items ...	...	...	...	...	...	...	...	...	...	...	...	...	...
Transfer to Revenue Reserve Fund ...	...	...	20,00	15,00	...	...	...	...	...	...	...	...	...
Total Expenditure in India ...	7,64,89	9,60,42	11,09,28	11,52,24	11,23,01	10,92,89	10,59,25	9,98,45	9,70,85	9,71,81	10,81,23	10,84,49	10,98,04
Expenditure in England with Exchange ...	29,84	33,96	37,42	34,29	38,19	39,36	39,49	39,59	35,56	37,68	33,50	39,42	38,10
TOTAL EXPENDITURE ...	7,94,73	9,94,38	11,46,70	11,86,53	11,61,20	11,32,25	10,98,74	10,38,04	10,06,41	10,09,49	10,69,73	11,23,91	11,36,14